

NOT FOR GENERAL DISTRIBUTION

OFFERING MEMORANDUM

IN THE UNITED STATES



€600,000,000 3⁵/₈% Senior Secured Notes due 2029

issued by

UPCB Finance VII Limited

UPCB Finance VII 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, offered €600 million aggregate principal amount of its 3⁵/₈% senior secured notes due 2029 (the “**Notes**”). The Notes will mature on June 15, 2029. The Issuer will pay interest on the Notes semi-annually in cash on each January 15 and July 15, commencing on January 15, 2018.

The proceeds from the offering of the Notes were used by the Issuer to fund an additional facility under the UPC Broadband Holding Bank Facility (as defined in this Offering Memorandum) (the “**Finco Loan**”), denominated in euro and borrowed by UPC Financing Partnership (“**UPC Financing**”), an entity wholly owned by UPC Holding B.V. (“**UPC Holding**”). The Issuer is dependent upon payments under the Finco Loan and related agreements to make payments under the Notes. The Issuer will apply payments it receives under the Finco Loan and such related agreements, including in respect of principal, premiums and interest, to make corresponding payments under the Notes.

The accession agreement related to the Finco Loan provides for the payment of certain premiums in connection with certain voluntary and mandatory prepayments of the Finco Loan that will enable the Issuer to pay the premiums payable in respect of corresponding redemptions of the Notes, as described in “*Description of the Notes—Redemption and Repurchase*”. Some or all of the Notes may be redeemed at any time prior to June 15, 2022, at a price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest to (but excluding) the redemption date and the “make whole” premium, as described in this Offering Memorandum. The Notes may be redeemed at any time on or after June 15, 2022 at the redemption price set forth in this Offering Memorandum. In addition, at any time prior to June 15, 2022 the Issuer may redeem up to 40% of the Notes with the net proceeds of one or more specified equity offerings at the redemption prices set forth in this Offering Memorandum. Prior to June 15, 2022, during each 12-month period commencing on the Issue Date (as defined herein), the Issuer may redeem up to 10% of the principal amount of the Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, to 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**”) and UPC Financing will be required to, at the election of the Majority Lenders under the UPC Broadband Holding Bank Facility, prepay the Finco Loan plus a payment equal to 1% of the principal amount of the Finco Loan. Following such repayment, the Issuer will redeem all of the Notes issued under the indenture governing the Notes at a redemption price equal to 101% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See “*Description of the Notes—Redemption and Repurchase—Redemption upon a Change of Control*”. In the event of certain asset sales, UPC Broadband Holding and UPC Financing may elect, at their option, to (i) offer to prepay a principal amount of the Finco Loan in an aggregate amount equal to the principal

amount of the Notes tendered in the related asset sale offer to be made by the Issuer (not to exceed the available proceeds from the related asset sale) or (ii) subject to the payment of certain premiums, prepay the Finco Loan in an amount equal to the available proceeds from the related asset sale, and, in the case of clauses (i) and (ii) of this sentence, the Issuer will redeem a corresponding amount of the Notes. See “*Description of the Notes—Redemption and Repurchase—Disposal Proceeds*”. Further, the Notes may be redeemed at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, 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 and Repurchase—Redemption for Changes in Withholding Taxes*” and “*Description of the Notes—Redemption and Repurchase—Special Optional Redemption in connection with a UPC Exchange Transaction*”.

Neither UPC Holding nor any of its subsidiaries will guarantee or provide any credit support to the Issuer with respect to its obligations under the Notes. Other than under the limited circumstances described herein, holders of the Notes will not have a direct claim on the cash flow or assets of UPC Holding or any of its subsidiaries, and UPC Holding and its subsidiaries will not 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 the Issuer pursuant to the Finco Loan and agreements related thereto.

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

See “*Risk Factors*” beginning on page 24 for a discussion of certain risks that you should consider in connection with an investment in any of the Notes.

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

Application has been made to the Irish Stock Exchange for the Notes to be admitted to listing on its Official List and trading on its Global Exchange Market. This Offering Memorandum constitutes listing particulars for the purpose of the application and has been approved by the Irish Stock Exchange.

The Notes were issued in registered form in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes were represented on issue by one or more global notes, which were delivered through Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”), as applicable, on June 21, 2017 (the “**Issue Date**”). Interests in the global notes will be exchangeable for the relevant definitive notes only in certain limited circumstances. See “*Book-Entry, Delivery and Form*”.

Issue price for the Notes: 100.000%.

Joint Bookrunners

Credit Suisse BNP PARIBAS Goldman Sachs International ING Société Générale

The date of this Offering Memorandum is July 5, 2017.

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

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

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

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

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

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

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

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

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC 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 Notes contemplated in this Offering Memorandum.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and all other applicable securities laws. See “*Transfer*

Restrictions". You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The Issuer and UPC Holding have prepared this Offering Memorandum solely for use in connection with this offering and for applying to the Irish Stock Exchange for the Notes to be listed on its Official List and 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 Notes. You are responsible for making your own examination of UPC Holding and your own assessment of the merits and risks of investing in the Notes. None of the Issuer, UPC Holding or the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes by you.

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

The Issuer (except as noted in the following paragraph) and UPC Holding accept responsibility for the information contained in this Offering Memorandum. UPC Holding has made all reasonable inquiries and confirmed to the best of its knowledge, information and belief that the information contained in this Offering Memorandum with regard to UPC Holding, each of its subsidiaries and affiliates, and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held, and that it is not aware of any other 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 Initial Purchasers. The information contained in this Offering Memorandum is current at the date hereof. Neither the delivery of this Offering Memorandum at any time nor any subsequent commitment to enter into any financing shall, under any circumstances, create any implication that there has been no change in the information set out in this Offering Memorandum or in either the Issuer's or UPC Holding's affairs since the date of this Offering Memorandum.

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

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

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

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

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

STABILIZATION

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

NOTICE TO U.S. INVESTORS

Each purchaser of Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under “*Transfer Restrictions*”. The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act or any other applicable securities laws, pursuant to registration or an exemption therefrom. Please refer to the section of this Offering Memorandum entitled “*Transfer Restrictions*”. The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

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

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

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

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

Each subscriber for or purchaser of the Notes in the offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the 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 Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the offering.

NOTICE TO CERTAIN EUROPEAN INVESTORS

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

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

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

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

qualified investors (*investitori qualificati*) pursuant to article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, acting on their own account.

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

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

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

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

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

NOTICE TO CAYMAN INVESTORS

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

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION THAT YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE 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 does not include the financial statements of the Issuer. The Issuer is a special purpose financing company that has no material business operations and has not engaged in any material transactions other than the transactions described herein. The Issuer has no prior operating experience other than in connection with the issuance of the Notes and the arrangements with respect thereto, and upon completion of this offering will have no material liabilities or assets, other than the Finco Loan advanced in connection with the offering of the Notes and its rights under certain related agreements.

This Offering Memorandum includes the March 31, 2017 Condensed Consolidated Financial Statements and the December 31, 2016 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.

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

UPC Holding's financial results are reported in euro. Unless otherwise indicated, all convenience translations of U.S. Dollars into euros have been calculated at the March 31, 2017 exchange rate. 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*".

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 B.V., with or without its consolidated subsidiaries, as the context requires.

"3⁷/₈% Notes" refers to UPC Holding's €635 million aggregate principal amount of 3⁷/₈% Senior Notes due 2029 intended to be issued on or around June 21, 2017.

"6³/₄% Notes" refers to UPC Holding's €450 million aggregate principal amount of 6³/₄% Senior Notes due 2023 and CHF 350 million aggregate principal amount of 6³/₄% Senior Notes due 2023, issued on March 26, 2013.

"6³/₈% Notes" refers to UPC Holding's €600 million aggregate principal amount of 6³/₈% Senior Notes due 2022 issued on September 21, 2012, which are intended to be redeemed in full pursuant to the June 2017 Refinancing (as defined herein).

"7³/₄% Notes" refers to UPC Holding's €500 million aggregate principal amount of 7³/₄% Senior Notes due 2014 issued on July 29, 2005. The 7³/₄% 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.

“8³/₈% Notes” refers to UPC Holding’s €640 million aggregate principal amount of 8³/₈% Senior Notes due 2020 issued on August 13, 2010. The 8³/₈% Notes were fully repaid on February 13, 2015.

“8⁵/₈% Notes” refers to UPC Holding’s €300 million aggregate principal amount of 8⁵/₈% Senior Notes due 2014 issued on October 3, 2005. The 8⁵/₈% Notes were fully repaid on August 20, 2010.

“9³/₄% Additional Notes” refers to UPC Holding’s €150 million aggregate principal amount of 9³/₄% Senior Notes due 2018 issued on May 29, 2009.

“9³/₄% Original Notes” refers to UPC Holding’s €250 million aggregate principal amount of 9³/₄% Senior Notes due 2018 issued on April 30, 2009.

“9³/₄% Notes” refers to the 9³/₄% Original Notes and the 9³/₄% Additional Notes. The 9³/₄% Notes were fully repaid on April 25, 2013.

“9⁷/₈% Notes” refers to UPC Holding’s \$400 million aggregate principal amount of 9⁷/₈% Senior Notes issued on May 21, 2009. The 9⁷/₈% 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, S.A.

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

“December 31, 2016 Consolidated Financial Statements” refers to UPC Holding’s audited consolidated financial statements as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 and the notes thereto included in this Offering Memorandum.

“Declaration of Trust” refers to the declaration of trust dated September 5, 2012 under the terms of which the Share Trustee holds the Issuer’s issued shares.

“E.U.” refers to the European Union.

“Existing UPCH Notes” refers to the 6³/₈% Notes and the 6³/₄% Notes.

“Expenses Agreement” refers to the expenses agreement dated September 7, 2012 originally between the Issuer and Liberty Global B.V. (as the original obligor), as assigned and novated to UPC Broadband Holding (as the current obligor) pursuant to a deed of assignment and novation dated November 23, 2016 between the Issuer, Liberty Global B.V. and UPC Broadband Holding, and as may be further amended, amended and restated, assigned and novated, supplemented or otherwise modified from time to time.

“Fee Letter” refers to the fee letter between the Issuer and UPC Financing dated the Issue Date of the Notes.

“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 the Issue Date, pursuant to which the Issuer accedes as a lender under the UPC Broadband Holding Bank Facility in relation to Facility AQ.

“Indenture” refers to the indenture governing the Notes.

“Initial Purchasers” refers to Credit Suisse Securities (Europe) Limited, BNP Paribas, Goldman Sachs International, ING Bank N.V., London Branch and Société Générale.

“Issue Date” refers to the date of first issuance of the Notes.

“Issuer” refers to UPCB Finance VII Limited, wholly owned by the Share Trustee under the terms of the Declaration of Trust and the issuer of the Notes.

“June 2017 Refinancing” refers to the intended redemption in full of all outstanding 6³/₈% Notes, together with the payment of accrued and unpaid interest and related premium and expenses, in accordance with the terms of the indenture governing the 6³/₈% Notes, with the proceeds from the offering of the 3⁷/₈% Notes as further described in “*General Description of UPC Holding’s Business, the Issuer and the Offering—Recent Developments of UPC Holding*”.

“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.

“LGE Holding” refers to Liberty Global Europe Holding B.V., 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 Management” refers to Liberty Global Europe Management B.V. (formerly UGC Europe Management B.V.).

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

“Liberty Global Management” refers to Liberty Global Management B.V.

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

“March 31, 2017 Condensed Consolidated Financial Statements” refers to UPC Holding’s unaudited condensed consolidated financial statements as of March 31, 2017 and 2016 and for the three months ended March 31, 2017 and 2016 and the notes thereto included in this Offering Memorandum.

“Notes” refers to €600 million aggregate principal amount of 3⁵/₈% senior secured notes due 2029 offered hereby.

“Paying Agent” refers to The Bank of New York Mellon, London Branch, in London acting in its capacity as paying agent under the Indenture.

“Registrar” refers to The Bank of New York Mellon SA/NV, Luxembourg Branch in Luxembourg acting in its capacity as registrar for the Notes 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*”.

“Refinancing” refers to the repayment in full of the €600.0 million principal amount outstanding under Facility AO under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and related premium, with the proceeds from the Finco Loan drawn under Facility AQ, an additional facility under the UPC Broadband Holding Bank Facility funded with the proceeds of the Notes, and together with the fees payable to the Issuer by UPC Financing under the Fee Letter.

“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 in respect of all of the issued shares of the Issuer.

“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 acting in its capacity as transfer agent and The Bank of New York Mellon SA/NV, Luxembourg Branch in Luxembourg acting in its capacity as 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 dated January 16, 2004 (as amended and restated by an amendment agreement dated June 24, 2004 and as amended by amendment letters dated July 22, 2004 and December 2, 2004, subsequently amended and restated on March 7, 2005 and amended by an amendment letter dated December 15, 2005, amended and restated on 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, amended and restated on February 9, 2016 and further amended and restated on December 19, 2016 and as may be further amended from time to time) between, among others, UPC Broadband Holding, the obligors listed therein and The Bank of Nova Scotia as facility agent and security agent.

“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 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 Subordinated Shareholder Loans*”.

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

“UPCB Finance IV Additional Dollar Notes” means the \$340 million aggregate principal amount of 5³/₈% senior secured notes due 2025 issued by UPCB Finance IV Limited.

“UPCB Finance IV Dollar Notes” means the UPCB Finance IV Additional Dollar Notes together with the UPCB Finance IV Original Dollar Notes.

“UPCB Finance IV Euro Notes” means the €600 million aggregate principal amount of 4% senior secured notes due 2027 issued by UPCB Finance IV Limited.

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

“UPCB Finance IV Notes” means the UPCB Finance IV Dollar Notes together with the UPCB Finance IV Euro Notes.

“UPCB Finance IV Original Dollar Notes” means the \$800 million aggregate principal amount of 5³/₈% senior secured notes due 2025 issued by UPCB Finance IV Limited.

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

“UPCB Finance V Notes” refers to the \$750 million aggregate principal amount of 7¹/₄% senior secured notes due 2021 issued by UPCB Finance V Limited. The UPCB Finance V Notes were fully redeemed on August 24, 2016.

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

“UPCB Finance VI Notes” refers to the \$750 million aggregate principal amount of 6⁷/₈% senior secured notes due 2022 issued by UPCB Finance VI Limited. The UPCB Finance VI Notes were partially redeemed on August 24, 2016 and fully redeemed on November 23, 2016.

“UPCB Notes” refers to the UPCB Finance IV Notes.

“UPCH Intercreditor Agreement” means 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 7³/₄% 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 8⁵/₈% Notes, the 8% Notes, the 9³/₄% Notes, the 9⁷/₈% Notes, the 8³/₈% Notes, the 6³/₈% Notes, the 6³/₄% 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).

“UPCH Notes” refers to the Existing UPCH Notes and the 3⁷/₈% Notes.

“U.K.” refers to the United Kingdom.

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

“U.S. Exchange Act” refers to the U.S. Securities Exchange Act of 1934, 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 and to “U.S. \$”, “dollars” or “\$” are to U.S. dollars.

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 cable television, broadband internet and telephony services from UPC Holding (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 cable RGU or mobile subscriber, as applicable (“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 accurate 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 June 9, 2017 was \$1.12 = €1.00.

	U.S. \$ per €1.00			
	Period Average (1)	High	Low	Period End
Year				
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
2015.....	1.11	1.21	1.05	1.09
2016.....	1.11	1.16	1.04	1.05
Month				
January 2017	1.06	1.08	1.03	1.08
February 2017	1.06	1.08	1.05	1.06
March 2017	1.07	1.09	1.05	1.07
April 2017	1.07	1.10	1.05	1.09
May 2017	1.11	1.13	1.08	1.12
June 2017 (through June 9, 2017).....	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 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 countries 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 cable television, 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 cable television, 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;
- 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 or it expects to acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the countries in which UPC Holding operates;
- changes in laws and government regulations that may impact the availability and cost of capital 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 (defined below) arrangements) to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for UPC Holding's 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, including the costs and benefits associated with its network extension program;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- the leakage of sensitive customer data;
- problems UPC Holding may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses it acquires;
- 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, and results of operations and ability to make payments on the Finco Loan, which in turn would have an adverse effect on the Issuer's ability to make payments on the Notes.

AVAILABLE INFORMATION

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

Neither the Issuer nor UPC Holding is currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, the Issuer will furnish periodic information to holders of the Notes 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 Notes. It does not contain all the information you should consider prior to investing in the Notes. You should read the entire Offering Memorandum carefully, including the *"Risk Factors"*, *"Management's Discussion and Analysis of Financial Condition and Results of Operations of UPC Holding"*, and the March 31, 2017 Condensed Consolidated Financial Statements, the December 31, 2016 Consolidated Financial Statements and the notes to those financial statements of UPC Holding 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 telephony across seven European countries. UPC Holding's cable networks pass approximately 13.6 million homes. UPC Holding has cable networks in Switzerland and 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 1.9 million customers and 3.9 million RGUs at March 31, 2017. 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 2017, UPC Holding plans to stop offering analog services in Austria. In both Switzerland and Austria, UPC Holding launched mobile voice and data services during 2014 on a full-MVNO basis. Although less than 30% of UPC Holding's customer relationships are located in Switzerland and Austria, this Western European customer base was responsible for approximately 61% of the revenue of UPC Holding for the three months ended March 31, 2017.

The Issuer and Consolidation of the Issuer by UPC Holding

The Issuer was incorporated under the laws of the Cayman Islands on January 25, 2012 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 Loan advanced in connection with the offering of the Notes and its rights under certain related agreements. The Issuer has not engaged in any business activities or incurred any material liabilities since the date of its incorporation, other than relating to this offering and transactions related thereto. The proceeds from the offering of the Notes will be loaned by the Issuer to UPC Financing pursuant to the Finco Loan. The Issuer will be dependent on payments by UPC Financing under the Finco Loan in order to service its obligations under the Notes. Although UPC Financing has no equity or voting interest in the Issuer, the Finco Loan creates a variable interest in the Issuer for which UPC Financing is the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Financing and its parent entities, including UPC Holding, will be required by the provisions of U.S. GAAP to consolidate the Issuer following the issuance of the Notes. Accordingly, following the issuance of the Notes, the Finco Loan will be eliminated through the consolidation of the Issuer within UPC Holding's consolidated financial statements. See *"Risk Factors—Holders of the Notes have limited recourse to the Issuer, as payments under the Notes are limited to the amount of certain payments received by the Issuer under the UPC Broadband Holding Bank Facility and the related agreements"*.

Brief Description of the Structure of the Offering of the Notes Hereby

In connection with the offering of the Notes hereby, the Issuer has entered into a Finco Accession Agreement with UPC Broadband Holding, UPC Financing, the facility agent and the security agent under the UPC Broadband Holding Bank Facility pursuant to which the Issuer has made available to UPC Financing an additional facility under the UPC Broadband Holding Bank Facility in a principal amount equal to the aggregate principal amount of the Notes issued in the offering. On the Issue Date, the Issuer advanced the net proceeds of the issuance of the Notes, together with the fees payable to it by UPC Financing under the Fee Letter, to UPC Financing pursuant to the Finco Accession Agreement. The principal amount of the Notes due at maturity, as well as the maturity date, rate of interest and currency, among other things, will be identical to the corresponding provisions of the Finco Loan.

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 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 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 Loan, which it will in turn use to make payments on the Notes. For a description of procedures under the Indenture and the Finco Accession Agreement regarding voting rights of holders of the Notes with respect to decisions under the UPC Broadband Holding Bank Facility, see below under “*Description of the Notes—Amendment, Supplement and Waiver—To the UPC Broadband Holding Bank Facility or the Finco Accession Agreement*”. 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 choose to implement in the future, following receipt of the requisite lender consents, at the time it enters into the Finco Accession Agreement and therefore, will not be entitled to vote on any future request for such amendments or with respect to the implementation of 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 UPC Broadband Holding Bank Facility*”.

However, the UPC Broadband Holding Bank Facility limits the ability of the UPCB Group to directly issue the Notes. As a result, we have created 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 Issuer used the proceeds to fund a loan borrowed under an additional facility (Facility AQ) under the UPC Broadband Holding Bank Facility in an aggregate principal amount equal to the aggregate principal amount of the net proceeds of the offering of the Notes, together with the fees payable to it by UPC Financing under the Fee Letter. In addition to indirect benefits arising from the protections and security afforded to the Issuer as a UPCB Lender in respect of Facility AQ, 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 described below.

Agreement to Acquire Multimedia Polska

On October 18, 2016, UPC Poland entered into a definitive agreement to acquire the cable business of Multimedia Polska S.A. (“**Multimedia**”), a broadband communications provider in Poland (the “**Polish Acquisition**”) for cash consideration of PLN 3.0 billion (approximately €694 million equivalent, as of October 17, 2016), which is equal to the enterprise value assigned to Multimedia for purposes of this transaction. The final purchase price is subject to potential downward adjustments for the operational and financial performance of Multimedia prior to the closing of the Polish Acquisition. The Polish Acquisition excludes Multimedia’s existing insurance, gas and energy operations. The Polish Acquisition is subject to customary closing conditions, including regulatory approval, and is expected to close in late 2017 or early 2018. With over four million passed homes and businesses, the combined operations of UPC Poland and Multimedia will be able to compete more effectively to the benefit of Polish consumers and businesses alike. At the end of the first quarter of 2017, Multimedia passed 1.65 million homes mainly through its hybrid fiber-coaxial cable network, serving 774,400 unique customers who subscribed to 1.7 million subscription services consisting of 880,900 video, 536,400 broadband and 262,300 telephony RGUs. In addition, Multimedia has over 50,000 mobile subscribers. The numbers provided for RGUs, mobile subscribers, customers and homes passed are calculated in accordance with Multimedia’s definitions as of March 31, 2017. Multimedia’s RGU count does include asymmetric digital subscriber line subscribers. Multimedia’s counting policies may differ from those of Liberty Global. Accordingly, Multimedia’s statistics are not necessarily indicative of the actual numbers to be reported by Liberty Global once Multimedia conforms to Liberty Global’s counting policies. There can be no assurance that we will consummate the Polish Acquisition or that, if consummated, we will be able to successfully integrate the business of Multimedia. See “*Risk Factors—Risks Relating to UPC Holding’s Industry and Business—UPC Holding cannot be certain that it will be successful in acquiring new businesses or integrating acquired businesses with its existing operations, including the Polish Acquisition*”.

Potential 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 pricing of this offering and prior to, or within a short time period following, the Issue Date of the Notes (the “**Potential Financing Transactions**”). The proceeds of any Potential Financing Transactions may be used to refinance indebtedness or for general corporate purposes. Any such Potential Financing Transactions would be incurred in compliance with the applicable covenants under the UPC Broadband Holding Bank Facility and the indentures governing the Existing UPCH Notes. After giving effect to any such incurrence in compliance with the applicable covenants, including in connection with permitted refinancing debt, permitted acquisition debt or other exceptions to the restriction on UPC Holding’s ability to incur indebtedness, the ratio of as adjusted covenant senior net debt to adjusted annualized EBITDA and the ratio of as adjusted covenant total net debt to adjusted annualized EBITDA could increase above the ratio of as adjusted covenant senior net debt to adjusted annualized EBITDA and the ratio of as adjusted covenant total net debt to adjusted annualized EBITDA, respectively, as of March 31, 2017 (each as shown under the heading “*Summary Financial and Operating Data of UPC Holding—Certain As Adjusted Covenant Information*”), and such increase could be material. Any Potential Financing Transaction will be made at UPC Holding’s election or the election of UPC Holding’s 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—Risks Relating to UPC Holding’s Financial Profile—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*”.

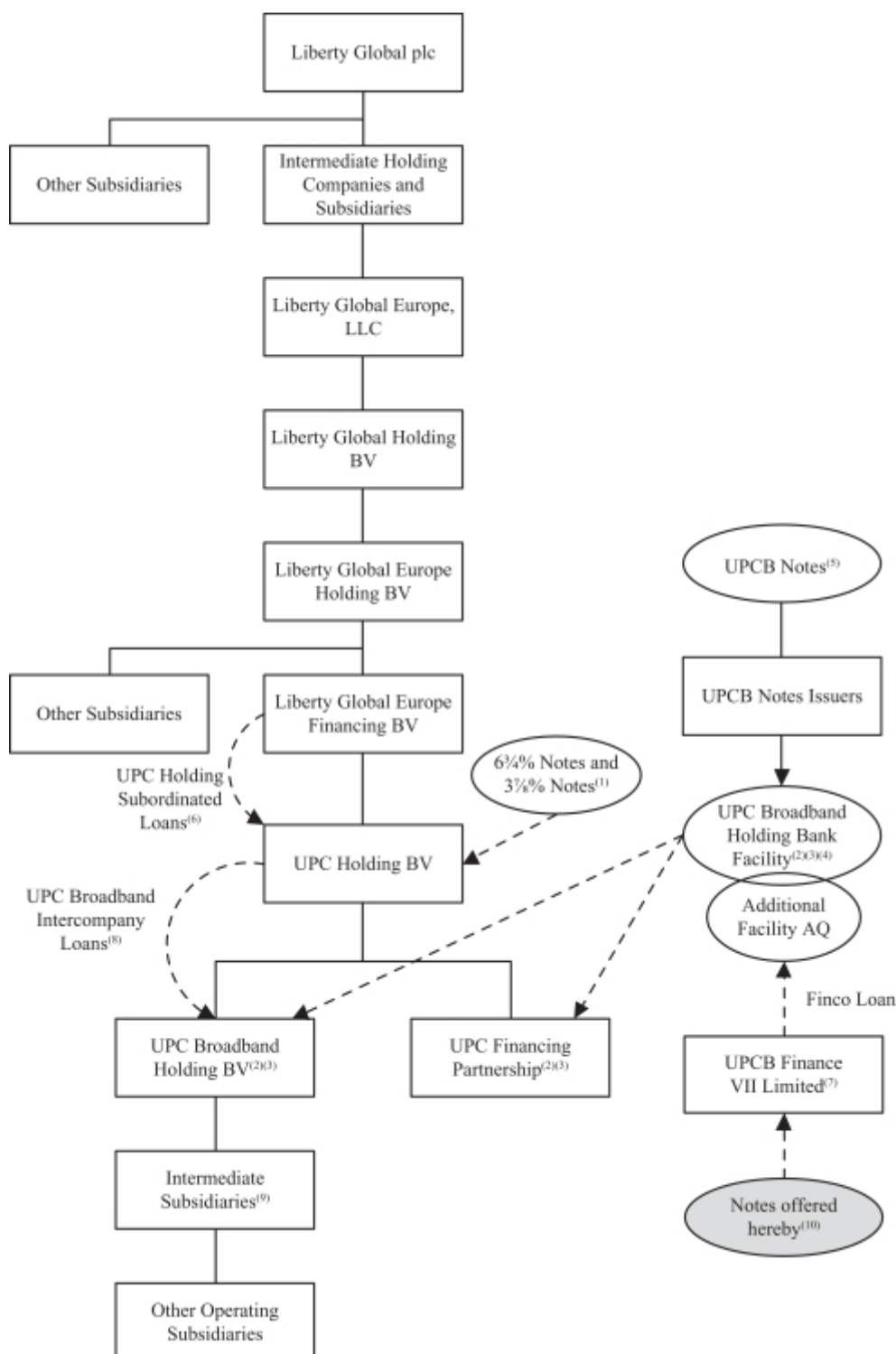
June 2017 Refinancing

UPC Holding intends to issue the 3⁷/₈% Notes on or around June 21, 2017. The 3⁷/₈% Notes were offered pursuant to an offering memorandum dated June 7, 2017. UPC Holdings intends to use the net proceeds of the 3⁷/₈% Notes to redeem in full all outstanding 6³/₈% Notes, together with the payment of accrued and unpaid interest and related premium and expenses, in accordance with the terms of the indenture governing the

6³/₈% Notes and for general corporate purposes, which may include loans, distribution or other payments to UPC Holding's direct or indirect parent companies.

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 June 2017 Refinancing, the offering of the Notes and the application of proceeds thereof. (including the Refinancing).



- (1) Consisting of UPC Holding's €450 million aggregate principal amount of 6³/₄% senior notes due 2023, CHF 350 million aggregate principal amount of 6³/₄% senior notes due 2023 and €635 million aggregate principal amount of 3⁷/₈% senior notes due 2029 which are intended to be issued on or around June 21, 2017.

- (2) Both UPC Broadband Holding and UPC Financing are, and will continue to be following the offering of the Notes, the funding of the Finco Loan and the application of the proceeds of the Finco Loan, borrowers under the UPC Broadband Holding Bank Facility. See “*Description of the UPC Broadband Holding Bank Facility*”. UPC Financing will be the borrower under the Finco Loan, which will be the new Facility AQ 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 Our Business and the Offering—Recent Developments*” and “*General Description of UPC Holding’s Business and the Offering—Recent Developments*”.
- (4) After giving effect to the offering of the Notes and the application of proceeds thereof (including the Refinancing), the UPC Broadband Holding Bank Facility will include, among others, (i) Facility AK and Facility AL, each of which consists of a loan made to UPC Financing by UPCB Finance IV Limited, a special purpose financing company owned 100% by a charitable trust, using the proceeds from the issuance of the UPCB Finance IV Notes through an offering structured substantially similar to this offering and (ii) Facility AQ, which will consist of the Finco Loan made to UPC Financing by the Issuer on the Issue Date from the proceeds of the issuance of the Notes. Following the issuance of the UPCB Finance IV Notes and the making of the loans under Facility AK and Facility AL, UPCB Finance IV Limited was and will continue to be as long as Facility AL and Facility AK remain outstanding, consolidated by UPC Holding. Following the issuance of the Notes offered hereby and the making of the loans under Facility AQ, the Issuer will be, and will continue to be as long as Facility AQ remains outstanding, consolidated by UPC Holding. Accordingly, the loans under Facility AK and Facility AL are, and the loans under Facility AQ will be, eliminated through the consolidation of UPCB Finance IV Limited and the Issuer, 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 UPCB Notes comprise (i) \$1,140 million aggregate principal amount of 5³/₈% senior secured notes due 2025 and (ii) €600 million aggregate principal amount of 4% senior secured notes due 2027, in each case, issued by UPCB Finance IV Limited, a special purpose financing entity 100% owned by a charitable trust. See “*Description of Other Indebtedness—UPCB Notes*”.
- (6) The UPC Holding Subordinated Shareholder Loans between LGE Financing and the Issuer are expressly subordinated to the UPCH Notes and mature on March 1, 2030. The interest rate was 9.79% for the quarter ended March 31, 2017 and is reviewed on an annual basis. Interest may be paid in kind or, at our option and, subject to certain limitations, in cash. See “*Description of Other Indebtedness—UPC Holding Subordinated Shareholder Loans*” for a description of the terms of such subordination.
- (7) UPCB Finance VII Limited, the Issuer of the Notes, is a special purpose financing entity owned 100% by a charitable trust.
- (8) Represents existing intercompany loans which are currently pledged by the Issuer to the lenders under the UPC Broadband Holding Bank Facility. See “*Description of Other Indebtedness—UPC Broadband Holding Intercompany Loans*”.
- (9) As of the Issue Date, UPC Equipment B.V. (“**UPC Equipment**”) will be an Unrestricted Subsidiary (as defined in the Indenture) of UPC Holding. As a result, UPC Equipment and its subsidiaries or any future subsidiaries that are designated as Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture. Noteholders will have no recourse to any Unrestricted Subsidiary, its assets or its properties if there is an event of default under the Indenture. Access by UPC Holding to the cash flow generated by Unrestricted Subsidiaries, including UPC Equipment, is limited to amounts actually distributed to the Issuer as dividends or other distributions. See “*Description of the Notes*” and “*Risk Factors—Risks related to the Notes—UPC Equipment and its subsidiaries will be Unrestricted Subsidiaries under the Indenture and will not be subject to the restrictive covenants in the Indenture*”. UPC Equipment holds no material assets and is a borrower under the UPC Equipment Note. See “*Description of Other Indebtedness—The UPC Equipment Note*”.
- (10) The Notes will be senior obligations of the Issuer and will rank equally with all other future senior debt of the Issuer. The Notes will be secured by, among other things, a first-ranking security interest over the Issuer’s rights to and benefit in the Finco Loan (including all rights of the Issuer as a lender under the UPC Broadband Holding Bank Facility). Other than under the limited circumstances described in this Offering Memorandum, holders of the Notes will not have a direct claim on the cash flow or assets of UPC Holding and its subsidiaries, and UPC Holding and its subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of UPC Financing to make payments to the Issuer pursuant to the Finco Loan and agreements related thereto.

SUMMARY FINANCIAL AND OPERATING DATA OF UPC HOLDING

The tables below set out summary historical financial and operating data of UPC Holding for the indicated periods, including information for the three months ended March 31, 2017 and 2016 and the years ended December 31, 2016, 2015 and 2014. The historical condensed consolidated balance sheet, statement of operations and cash flow data as of and for the three-month periods ended March 31, 2017 and 2016 has been derived from the March 31, 2017 Condensed Consolidated Financial Statements, and the historical consolidated balance sheet, statement of operations and cash flow data as of and for the years ended December 31, 2016, 2015 and 2014 has been derived from the December 31, 2016 Consolidated Financial Statements, each as included elsewhere in this offering memorandum.

The March 31, 2017 Condensed Consolidated Financial Statements and the December 31, 2016 Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. The following information should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” the March 31, 2017 Condensed Consolidated Financial Statements and the December 31, 2016 Consolidated Financial Statements. Our historical results do not necessarily indicate results that may be expected for any future period.

	Three months ended March 31,		Year ended December 31,		
	2017	2016	2016	2015	2014
	in millions				
Consolidated Statements of Operations Data:					
Revenue	€ 652.6	€ 633.9	€ 2,569.8	€ 2,544.8	€ 2,337.8
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):					
Programing and other direct costs of services.....	117.9	107.2	451.7	424.5	375.9
Other operating	99.9	100.4	379.5	403.4	406.6
Selling, general and administrative	92.9	96.0	364.1	366.2	328.4
Related-party fees and allocations, net.....	94.6	80.8	341.0	293.1	213.2
Depreciation and amortization	140.9	135.9	548.4	572.1	524.9
Impairment, restructuring and other operating items, net	0.8	0.1	5.3	5.0	(3.3)
	547.0	520.4	2,090.0	2,064.3	1,845.7
Operating income.....	105.6	113.5	479.8	480.5	492.1
Non-operating income (expense):					
Interest expense:					
Third-party	(78.0)	(83.7)	(336.3)	(367.6)	(508.0)
Related-party	(156.9)	(144.1)	(564.7)	(600.1)	(1,060.2)
Interest income.....	0.2	0.7	2.7	10.6	186.3
Realized and unrealized gains (losses) on derivative instruments, net.....	(54.8)	(196.2)	(28.9)	(42.3)	103.1
Foreign currency transaction gains (losses), net	96.9	172.6	(117.8)	(216.0)	(437.1)
Losses on debt modification and extinguishment, net	(8.4)	—	(70.3)	(183.9)	(42.0)
Other income (expense), net	1.3	0.1	13.5	3.5	(3.3)
	(199.7)	(250.6)	(1,101.8)	(1,395.8)	(1,761.2)
Loss before income taxes	(94.1)	(137.1)	(622.0)	(915.3)	(1,269.1)
Income tax expense.....	(27.2)	(10.2)	(57.3)	(85.5)	(89.9)
Net loss	(121.3)	(147.3)	(679.3)	(1,000.8)	(1,359.0)
Net earnings attributable to noncontrolling interests	(2.8)	(2.6)	(13.0)	(12.0)	(9.5)
Net loss attributable to parent	€ (124.1)	€ (149.9)	€ (692.3)	€ (1,012.8)	€ (1,368.5)

	<u>March 31, 2017</u>		<u>December 31,</u>		
			<u>2016</u>		<u>2015</u>
			in millions		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	€	14.7	€	26.8	€ 139.0
Total assets	€	8,116.7	€	8,610.4	€ 8,344.9
Total current liabilities (excluding current portion of debt and capital lease obligations).....	€	1,370.0	€	1,834.7	€ 1,544.2
Total debt and capital lease obligations	€	12,752.4	€	12,581.4	€ 11,820.8
Total liabilities.....	€	14,935.6	€	15,238.0	€ 14,361.5
Total owners' deficit.....	€	6,818.9	€	6,627.6	€ 6,016.6

	<u>Three months ended March 31,</u>		<u>For the year ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	in millions				
Consolidated Cash Flow Data:					
Cash provided (used) by operating activities	€ 112.1	€ 150.0	€ 759.1	€ (808.7)	€ 336.7
Cash provided (used) by investing activities.....	€ (70.2)	€ (66.2)	€ (183.4)	€ (217.5)	€ 154.8
Cash provided (used) by financing activities	€ (53.7)	€ (207.1)	€ (693.7)	€ 1,085.4	€ (903.1)

	<u>As of and for the three months ended March 31,</u>		<u>As of and for the year ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Summary Statistical and Operating Data (a):					
Footprint					
Homes passed	13,563,000	12,866,500	13,472,700	12,771,700	12,166,400
Two-way homes passed	13,384,300	12,666,500	13,286,900	12,562,500	11,836,400
Subscribers (RGUs)					
Basic Video	1,435,400	1,559,800	1,468,300	1,604,000	1,777,500
Enhanced Video	3,743,400	3,598,200	3,718,600	3,585,500	3,463,100
DTH	826,900	825,700	839,800	829,400	783,300
Total Video	6,005,700	5,983,700	6,026,700	6,018,900	6,023,900
Internet	4,159,300	3,980,100	4,127,100	3,954,100	3,740,000
Telephony	2,891,100	2,699,300	2,857,300	2,658,100	2,437,300
Total RGUs	13,056,100	12,663,100	13,011,100	12,631,100	12,201,200
Customer Bundling					
Single-Play	43.0%	46.0%	43.9%	47.1%	50.4%
Double-Play	20.8%	20.0%	20.4%	19.6%	19.2%
Triple-Play	36.2%	34.0%	35.7%	33.3%	30.4%
Customer Relationships					
Customer relationships	6,758,900	6,734,800	6,785,100	6,781,900	6,782,000
RGUs per customer relationship	1.93	1.88	1.92	1.86	1.80
Mobile Subscribers					
Total mobile subscribers	196,300	106,100	178,600	87,500	30,800

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

Summary Operating Data

	Three months ended March 31,		For the year ended December 31,		
	2017	2016	2016	2015	2014
in millions, except percentages					
Revenue	€ 652.6	€ 633.9	€ 2,569.8	€ 2,544.8	€ 2,337.8
Segment OCF ^(b)	€ 343.5	€ 333.9	€ 1,391.5	€ 1,362.8	€ 1,232.3
Segment OCF margin	52.6%	52.7%	54.1%	53.6 %	52.7%
Property and equipment additions.....	€ 138.4	€ 116.3	€ 650.7	€ 521.3	€ 450.2
Property and equipment additions as % of revenue	21.2%	18.3%	25.3%	20.5%	19.3%

(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 operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, 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. UPC Holding’s internal decision makers believe Segment OCF is a meaningful measure 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. 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 flow. A reconciliation of total Segment OCF to UPC Holding’s operating income is presented below:

	Three months ended March 31,		For the year ended December 31,		
	2017	2016	2016	2015	2014
in millions					
Segment OCF	€ 343.5	€ 333.9	€ 1,391.5	€ 1,362.8	€ 1,232.3
Share-based compensation	(1.6)	(3.6)	(17.0)	(12.1)	(5.4)
Related-party fees and allocations, net	(94.6)	(80.8)	(341.0)	(293.1)	(213.2)
Depreciation and amortization	(140.9)	(135.9)	(548.4)	(572.1)	(524.9)
Impairment, restructuring and other operating items, net	(0.8)	(0.1)	(5.3)	(5.0)	3.3
Operating income	€ 105.6	€ 113.5	€ 479.8	€ 480.5	€ 492.1

Certain As Adjusted Covenant Information:

	As of and for the six- month period ended March 31, 2017	
	in millions	
Annualized EBITDA (1).....	€	1,428.4
As adjusted annualized EBITDA (2)	€	1,324.1
As adjusted total covenant senior net debt (3)(4).....	€	3,982.1
As adjusted total covenant net debt (4).....	€	5,392.8

Ratio of as adjusted total covenant senior net debt to as adjusted annualized EBITDA (2)(3)(4)	3.01x
Ratio of as adjusted total covenant net debt to as adjusted annualized EBITDA (2)(3)(4)	4.07x

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- (1) Annualized EBITDA is calculated by multiplying EBITDA (as defined in the UPC Broadband Holding Bank Facility) for the six months ended March 31, 2017 (€714.2 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 €104.3 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 under “*Certain Relationships and Related Party Transactions*”.
 - (3) As adjusted total 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 issuance of the Notes offered hereby, the 3⁷/₈% Notes and use of proceeds thereof pursuant to the June 2017 Refinancing and completion of 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 UPCH Notes. The amounts shown, which, if applicable, take into account currency swaps, but do not include deferred financing fees, accrued interest, premiums or discounts, differ from the debt figures that are reported under “*Capitalization*”. After giving effect to any incurrence of indebtedness in connection with any Potential Financing Transaction in compliance with the applicable covenants, including in connection with permitted refinancing debt, permitted acquisition debt or other exceptions to the restriction on our ability to incur indebtedness, the ratio of as adjusted total covenant senior net debt to annualized EBITDA and the ratio of as adjusted total covenant net debt to annualized EBITDA could increase and exceed the ratio of as adjusted total covenant senior net debt to annualized EBITDA and the ratio of as adjusted total covenant net debt to annualized EBITDA, respectively, as of March 31, 2017 (each as shown above), and such increase could be material. See “*Risk Factors—Risks Relating to UPC Holding’s Financial Profile—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*”.

THE OFFERING

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

Issuer	UPCB Finance VII Limited.
Notes Offered	€600 million aggregate principal amount of 3.625% senior secured notes due 2029 (the “ Notes ”).
Maturity Date	June 15, 2029.
Interest Rate	3.625%.
Interest Payment Dates	Semi-annually in arrears on each January 15 and July 15, commencing January 15, 2018. Interest will accrue from the Issue Date.
Denomination	Each Note has a minimum denomination of €100,000 and is in integral multiples of €1,000 in excess of €100,000. Notes in denominations of less than €100,000 are not available.
Issue Price	100% plus accrued interest, if any, from Issue Date.
Ranking	The Notes will be senior obligations of the Issuer and will rank equally with all other future senior debt of the Issuer.
UPC Broadband Holding Bank Facility	The net proceeds from the issuance of the Notes, together with fees paid to the Issuer by UPC Financing under the Fee Letter, were used by the Issuer to fund a loan (the “ Finco Loan ”), denominated in euro, under an additional facility (Facility AQ) 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	<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 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> <p>In addition, other than under the limited circumstances described under “<i>Description of the Notes—Events of Default and Remedies</i>”, holders of the Notes will not have a direct claim on the cash flow or assets of UPC Holding or its subsidiaries and UPC Holding and its subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of UPC Financing to make payments to lenders under the UPC Broadband Holding Bank Facility and agreements related thereto, including the Finco Accession Agreement.</p> <p>Neither UPC Holding nor any of its subsidiaries will guarantee the</p>

Issuer's obligations under the Notes.

Security

The holders of the Notes benefit directly from first-ranking security interests granted to the Security Agent on behalf of the Trustee and the holders of the Notes in the following rights, property and assets:

- (1) all of the issued shares of the Issuer;
- (2) all of the assets of the Issuer (excluding the proceeds of the paid up share capital of the Issuer and any transaction fees payable to the Issuer pursuant to the Expenses Agreement and excluding as provided below) including:
 - (a) the Issuer's rights to and benefit in the Finco Loan (including all rights of the Issuer as a UPCB Lender under the UPC Broadband Holding Bank Facility and the Finco Accession Agreement);
 - (b) the Issuer's rights under the Deed of Covenant;
 - (c) the Issuer's rights under the Fee Letter;
 - (d) the Issuer's rights under the Expenses Agreement (excluding the Issuer's rights to be indemnified in respect of fees, costs, expenses and any other amounts payable to parties that do not benefit from the security interests in the Collateral); and
 - (e) sums of money held from time to time in all bank accounts of the Issuer (excluding the bank account in which the Issuer has deposited the proceeds of its share capital (\$250.00) and the transaction fee (\$250.00)).

The Issuer, as a lender under the UPC Broadband Holding Bank Facility, will be treated the same as all other lenders under that facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to other UPCB Lenders. Through the covenants in the Indenture and the security interests over all of the issued shares of the Issuer and the Finco Loan granted to secure the Issuer's obligations under the Notes, the holders of the Notes will be provided indirectly with the benefits, rights and protections granted to the Issuer as a UPCB Lender, including the indirect benefit of the covenants contained in the UPC Broadband Holding Bank Facility and the security granted for the benefit of the UPCB Lenders. See "*Description of the UPC Broadband Holding Bank Facility*".

Mandatory Redemption

Following a change of control as defined under the UPC Broadband Holding Bank Facility, UPC Broadband Holding and UPC Financing will be required to, at the election of the Majority Lenders under the UPC Broadband Holding Bank Facility, prepay the Finco Loan plus a payment equal to 1% of the principal amount of the Finco Loan. Following such repayment, the Issuer will redeem all of the Notes issued under the Indenture at a redemption price equal to 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption.

Optional redemption

In the event that all or any portion of the Finco Loan is voluntarily prepaid by UPC Broadband Holding pursuant to Clause 7.3

(Voluntary Prepayment) of the UPC Broadband Holding Bank Facility (an “**Early Redemption Event**”), subject to and in accordance with the terms of the UPC Broadband Holding Bank Facility and the Finco Accession Agreement, the Finco Accession Agreement will provide for the payment of certain additional payments to be made to the Issuer that correspond to the premiums payable to holders of the Notes upon early redemption, as described below.

At any time prior to June 15, 2022, upon the occurrence of any Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Notes equal to the principal amount of the Finco Loan prepaid in such Early Redemption Event (not to exceed 10% of the 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 and any Additional Amounts, if any, to the date of redemption. See “*Description of the Notes—Redemption and Repurchase—Optional Redemption*”.

At any time prior to June 15, 2022, upon the occurrence of any Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Notes equal to the principal amount of the Finco Loan prepaid in such Early Redemption Event by paying a “make whole” premium as described under “*Description of the Notes—Redemption and Repurchase—Optional Redemption*”.

On or after June 15, 2022, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Notes equal to the principal amount of the Finco Loan prepaid in such Early Redemption Event at the redemption prices as described under “*Description of the Notes—Redemption and Repurchase—Optional Redemption*”.

At any time prior to June 15, 2022, upon the occurrence of any Early Redemption Event with the net cash 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 Notes equal to the principal amount of the Finco Loan 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 Finco Loan in an aggregate amount equal to the principal amount of the Notes tendered in the related asset sale offer to be made by the Issuer (not to exceed the available proceeds from the related asset sale) or (ii) subject to the payment of certain premiums, prepay the Finco Loan in an amount equal to the available proceeds from the related asset sale, and, in the case of clauses (i) and (ii) the Issuer will redeem a corresponding amount of the 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, UPC Broadband Holding or UPC Financing may, at its option, initiate a UPC Exchange Transaction, pursuant to which it will make an offer to all holders of the Notes to exchange their Notes for senior secured notes issued by

UPC Broadband Holding or UPC Financing.

If, among other requirements, a majority of the aggregate principal amount of the outstanding Notes elect to participate in such UPC Exchange Transaction and UPC Broadband Holding or UPC Financing, as the case may be, accepts for exchange all Notes tendered in such UPC Exchange Transaction, UPC Broadband Holding or UPC Financing, as the case may be, will be entitled to prepay all, but not less than all, of the remaining principal amount of the Finco Loan outstanding without the requirement to pay the “make-whole” or other early prepayment amounts. In order to effect any such prepayment, either UPC Broadband Holding or UPC Financing, as the case may be, is required to give notice of such prepayment to the Issuer not later than three Business Days prior to the completion of such UPC Exchange Transaction and make such prepayment on the completion date of such UPC Exchange Transaction.

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

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 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 Notes tendered and accepted, each holder tendering such Notes will receive €1,000 in principal amount of UPC Qualified Notes;
- (iv) the exchange offer complies with Rule 14e-1 under the U.S. Exchange Act and any other applicable securities law or regulation;
- (v) UPC Broadband or UPC Financing, as applicable, accepts for exchange all Notes tendered in such exchange offer and issues the relevant UPC Qualified Notes in exchange therefor; and
- (vi) the exchange offer is open to all holders of the Notes on substantially similar terms, subject to certain exceptions described under “*Description of the Notes*”.

Additional amounts; tax redemption

All payments in respect of the Notes will be made without withholding or deduction for any taxes or other governmental

charges, except to the extent required by law. If withholding or deduction is required by law in a Relevant Tax Jurisdiction (as defined below), subject to certain exceptions, the Issuer will pay Additional Amounts so that the net amount you receive is no less than that which you would have received in the absence of such withholding or deduction. See “*Description of the Notes—Withholding Taxes*”. The Issuer may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, in the event of an optional prepayment of the Finco Loan pursuant to Clause 7.9(a)(i) (Right of prepayment and cancellation in relation to a single Lender) of the UPC Broadband Holding Bank Facility 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 Notes being redeemed, together with accrued and unpaid interest and Additional Amounts (if any) to the redemption date. See “*Description of the Notes—Redemption and Repurchase—Redemption for Changes in Withholding Taxes*”.

Certain Covenants

The Issuer will issue the Notes under the Indenture. The Indenture will contain restrictive covenants with respect to 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 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 Agreement*”.

The Finco Accession Agreement contains the advance consent of the Issuer, as a UPCB Lender, to certain amendments to the UPC Broadband Holding Bank Facility that UPC Broadband Holding may choose to implement in the future following receipt of the requisite lender consents. 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 Finco Accession Agreement and, therefore, will not be entitled to vote on any future request for consent to such amendments or with respect to the implementation of such amendments. As a result, the holders of Notes will not, directly or indirectly, be entitled to direct the vote of the Issuer on such matters. Pursuant to the Finco Accession Agreement, the Issuer will consent to 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):

- amend the UPC Broadband Holding Bank Facility to provide that amendments and waivers of Clauses 20.2 (*Financial Ratio*) to 20.4 (*Cure provisions*) and Clause 21.18 (*Acceleration Following Financial Ratio*)

Breach) of the UPC Broadband Holding Bank Facility shall only be made with the consent of UPC Broadband and the Composite Revolving Facility Instructing Group and shall not require the consent of any other Finance Party;

- amend the definition of “Permitted Financial Indebtedness” to include a new limb for borrowings, loans or deferred consideration made available by a vendor in connection with a Permitted Acquisition;
- amendments to the financial covenant provisions so that (a) should any net indebtedness under each Ancillary Facility exceed an amount equal to 33 ¹/₃ per cent. of the aggregate of the Revolving Facility Commitments and each Ancillary Facility Commitment, the ratio of Senior Net Debt to Annualised EBITDA shall not exceed 4.75:1 and (b) if the financial covenant set out in paragraph (a) has been breached for the First Measurement Period but is complied with when tested for the Second Measurement Period, and if the financial covenant set out in paragraph (a) above is not required to be tested for the Second Measurement Period, it shall be tested solely for the purpose of determining whether a Second Test Period Deemed Cure has occurred;
- amend the Obligor’s agent clause of the UPC Broadband Holding Bank Facility to provide that each Obligor confirms that UPC Broadband as Obligors’ agent is authorised to confirm any guarantee or Security on behalf of such Obligor;
- amend the construction clause of the UPC Broadband Holding Bank Facility to add additional limbs as alternatives for a Borrower “repaying” or “prepaying” a Documentary Credit or a letter of credit, bank guarantee, indemnity, performance bond or other documentary credit under an Ancillary Facility;
- amend required consents to include that a Finance Party may unilaterally waive, relinquish or otherwise irrevocably give up all or any of its rights under any Finance Document with the consent of the UPC Broadband;
- amend the interest period provisions to provide that the applicable Interest Period for the first Advance under any Term Facility shall be any other period of six months or less as agreed to by the Borrower and the Facility Agent;
- amend the definition of “Business Division Transaction” so that is also includes any partial demerger;
- add new definitions of “Tower Company” and “Tower Assets” as set out in schedule 8 to the Additional AQ Accession Agreement;
- amend the definition of “Borrower Group Excluded

Subsidiary” so that it also includes any entity which is a Subsidiary of a Borrower Group Excluded Subsidiary;

- amend the restricted payments general basket under the UPC Broadband Holding Bank Facility to allow for any unused amounts in any financial year to be carried over to the next succeeding financial year;
- replace the definition of “Spin Off” under the UPC Broadband Holding Bank Facility with a new definition which refers to a transaction by which all outstanding ordinary and or equity shares of UPC Broadband and any Permitted Affiliate Parent or a Holding Company of UPC Broadband or such Permitted Affiliate Parent directly or indirectly owned by the Ultimate Parent are distributed to (a) all of the Ultimate Parent’s shareholders, or (b) all of the shareholders comprising one or more group of the Ultimate Parent’s shareholders as provided by the Ultimate Parent’s articles of association, in each case, either directly or indirectly through the distribution of shares in a company holding the UPC Broadband’s and any Permitted Affiliate Parent’s shares or such Parent’s shares;
- replace the definition of “Borrower” under the UPC Broadband Holding Bank Facility with a new definition whereby Borrower means the Original Borrower and any Additional Borrower unless it has ceased to be a Borrower in accordance with clause 29.2 (*Transfers by Obligors*) under the UPC Broadband Holding Bank Facility and, in respect of an Ancillary Facility only, any Affiliate of a Borrower that becomes a borrower of that Ancillary Facility with the approval of the relevant Ancillary Facility Lender pursuant to clause 7.7 (*Affiliates of Borrowers*) under the UPC Broadband Holding Bank Facility;
- add a new definition of “Sub-participation” referring to any sub-participation or sub-contract (whether written or oral) or any other agreement or arrangement having an economically substantially similar effect, including any credit default or total return swap or derivative (whether disclosed undisclosed, risk or funded) by a Lender of or in relation to any of its rights or obligations under, or its legal, beneficial or economic interest in relation to, the Facilities and/or Finance Documents to a counterparty and “sub-participate” shall be construed accordingly;
- amend clause 29.3 (*Transfers by Lenders*) of schedule 8 to the Additional AQ Accession Agreement to include a restriction on sub-participations of rights and obligations and is subject to the same consent regime as for assignments and transfers;
- amend the additional facilities clause that each Lender under an Additional Facility shall be required to become such a party to the UPC Broadband Holding Bank Facility and be entitled to share in the Security in accordance with the terms of the Intercreditor

Agreement and the Security Documents *pari passu* with the Lenders under the other Facilities provided that UPC Broadband and the relevant Lenders may agree that an Additional Facility shares in the Security on a junior basis to the other Facilities or shall not be entitled to share in the Security either in accordance with the terms of the Intercreditor Agreement or pursuant to ancillary intercreditor arrangements;

- amendments to the definition of Permitted Financial Indebtedness to include Financial Indebtedness incurred under borrowing facilities provided by a special purpose vehicle note issuer to a member of the Borrower Group in connection with the issuance of notes intended to be supported primarily by the payment obligations of any member of the Borrower Group in connection with any vendor financing platform otherwise permitted under the UPC Broadband Holding Bank Facility;
- amendments to the clause on Restrictions on Financial Indebtedness such that any Financial Indebtedness incurred thereunder shall not be subject to a proviso that it is subject to the terms of the Intercreditor Agreement;
- amendments to the definition of Permitted Disposal under the UPC Broadband Holding Bank Facility to include a disposal by any member of the Borrower Group of all or any of the Towers Assets and add the definition of “Towers Assets” as set out in schedule 8 to the Additional AQ Accession Agreement;
- amendments to the Change in Accounting Practices clause to provide that at the time of the notice from UPC Broadband to the Facility Agent that there have been one or more changes in any accounting policies, practices or procedures (including, without limitation, any change in the basis upon which costs are capitalised or any changes resulting from UPC Broadband’s decision at any time to adopt GAAP or IFRS), UPC Broadband shall provide either (a) a statement (providing reasonable detail) confirming the changes would have no material effect on the operation of the ratios set out in Clause 20.2 (*Financial ratios*) or (b) a description of the changes and the adjustments that would be required to be made to that financial information in order to cause it to reflect the accounting policies, practices or procedures prior to such change and sufficient information, in such detail and format as may be reasonably required by the Facility Agent, to enable the Lenders to make a comparison between the financial positions indicated by that financial information and by the financial information required to be delivered under Clause 19.2 (*Financial information*) and to further provide that following the delivery of such notice, the Majority Lenders shall have the right to request, and following any such request UPC Broadband shall use commercially reasonable efforts to provide, the statement contemplated by sub-paragraph (a) above or the description contemplated by paragraph (b) above, as applicable, relating to the financial

information required to be delivered under Clause 19.2 (*Financial information*) for the most recently completed quarter;

- amendments to provide that the Register shall be maintained on behalf of all of the Parties to the UPC Broadband Holding Bank Facility;
- amendments to exclude certain representations as Repeating Representations such that they are not 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;
- amendments to provide that UPC Broadband may incur and secure Financial Indebtedness on a second lien ranking basis save that such Financial Indebtedness can be contractually subordinated to the rights of the Lenders, on terms comparable to, at the election of UPC Broadband, the intercreditor that relates to the Liberty Global Reference Agreement or the intercreditor agreement most recently entered into by an Affiliate of UPC Broadband with such adjustments and amendments as agreed between UPC Broadband, the Security Agent and the Facility Agent (acting reasonably in each case);
- amendments to the definition of EBITDA to provide that it means, in relation to any Ratio Period, operating income (expense) plus, at UPC Broadband's option (except with respect to depreciation and amortisation), the limbs listed as add backs or deductions to that definition;
- amendments to the definition of Senior Secured Notes to delete paragraphs (a)(iii) and (a)(iv) of that definition and to add the following language at the end of paragraph (a)(i) "or where the incurrence of any Financial Indebtedness under such notes would otherwise be Permitted Financial Indebtedness (other than to the extent that such Financial Indebtedness is incurred by way of Senior Secured Notes pursuant to sub-paragraph (xxiii) of the definition of Permitted Financial Indebtedness)";
- amendments to the definition of Permitted Security Interest to add at the end of paragraph (t)(i): "or such Financial Indebtedness is otherwise Permitted Financial Indebtedness under paragraphs (ii) (as it relates to guarantees permitted under Clause 19.15(h) in respect of any Permitted Financial Indebtedness), (vii), (xi) (provided that at the time of the acquisition or other transaction pursuant to which such Financial Indebtedness was incurred and after giving effect to such incurrence on a pro forma basis (a) an Obligor could incur EUR 1 of debt under paragraph (xxii) of the definition of Permitted Financial Indebtedness or (b) the ratio of Senior Net Debt to Annualised EBITDA would not be greater than it was immediately prior to giving

pro forma effect to such acquisition or other transaction and to the incurrence of such Financial Indebtedness), (xxii), (xxiii) and (xxiv) of the definition of Permitted Financial Indebtedness and guarantees thereof”;

- amendments the definition of Senior Unsecured Notes to delete requirements that such notes shall have a final maturity (with no sinking fund payments) of no earlier than the latest Final Maturity Date then existing at the time of the issuance of such notes; and in respect of which the “cross-default” event of default with respect to a default under other indebtedness shall be limited to cross-default to any payment default and cross-acceleration;
- amendments to the definition of Permitted Financial Indebtedness to include Financial Indebtedness arising under (a) arrangements to fund a production where such funding is only repayable from the distribution revenues of that production or (b) production facilities;
- amendments to the definition of Permitted Security Interest to include security interests (a) over the segregated trust accounts set up to fund productions, (b) required to be granted over productions to secure production grants granted by regional and/or national agencies promoting film production in the relevant regional and/or national jurisdiction and (c) over assets relating to specific productions funded by Production Facilities; and security interests arising solely by virtue of any statutory or common law provisions or customary business provisions relating to banker’s liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution;
- amendments to the definition of Holding Company Expenses under the UPC Broadband Holding Bank Facility in order that this definition includes equivalent expenses incurred by a Subsidiary of a Parent to those expenses incurred by the Parent and set out at (a), (b) and (c) of that definition and to provide that general corporate overhead expenses including professional fees and expenses and other operational expenses related to the “stewardship” of any member of the Borrower Group including any “treasury transactions” are included within the definition of Holding Company Expenses;
- amendments to the definition of Permitted Credit Facility to include notes, bonds and debentures;
- amendments to the definitions of Senior Debt and Total Debt to exclude any Financial Indebtedness incurred under the Production Facilities to the extent that it is limited recourse to the assets funded by such facilities;
- amendments to the definition of Annualised EBITDA to provide that, at the option of UPC Broadband, Annualised EBITDA may be determined for any person

or the Borrower Group (as applicable) based on the internal financial statements of the Reporting Entity available immediately preceding the date of determination of Annualised EBITDA or the financial statements of the Reporting Entity most recently made available;

- amendments to the release of guarantees and security provisions to provide for equivalent releases as a result of, and in connection with, any solvent liquidation or dissolution;
- amendments to the definition of Permitted Financial Indebtedness such that it is a basket for the incurrence of Financial Indebtedness that constitutes Subordinated Obligations provided that (a) (other than in the case of a refinancing of other Subordinated Obligations in the same or a lesser principal amount) on the date of such incurrence and after giving effect thereto on a pro forma basis the Total Net Debt to Annualised EBITDA ratio would not be greater than 5.50:1 and (b) such Financial Indebtedness is (i) unsecured or (ii) secured on a junior ranking basis to the liabilities under the UPC Broadband Holding Bank Facility and, in each case which constitutes Second Lien Liabilities (under and as defined in the Intercreditor Agreement) or is contractually subordinated to the rights of the Lenders, on terms comparable to, at the election of UPC Broadband;
- amendment to the definition of Permitted Security Interest such that it is a basket for Security Interests to secure any Financial Indebtedness incurred under paragraph (xxiv) of the definition of Permitted Financial Indebtedness and any guarantees thereof, provided that (a) such Security Interest ranks junior to the Security Interests securing the liabilities under the UPC Broadband Holding Bank Facility and related guarantees, as applicable, and (a) such Financial Indebtedness and any guarantees thereof constitute Second Lien Liabilities (under and as defined in the Intercreditor Agreement) or are contractually subordinated to the rights of the Lenders, on the terms of an intercreditor agreement;
- amendment to the UPC Broadband Holding Bank Facility to add a new definition of Subordinated Obligations which includes any Financial Indebtedness that is expressly subordinate or junior in right of payment to the liabilities;
- amendment to the definition of Senior Debt to also exclude Subordinated Obligations (to the extent such Subordinated Obligations constitute Permitted Financial Indebtedness and other than for the purposes of the calculation of Total Debt);
- amendments to the definition of Non-Consenting Lenders to remove the timing window of 90 days during which UPC Broadband may exercise its such that UPC

Broadband may exercise such rights at any time;

- amendments to the definition of Permitted Disposals to remove the requirement that the surrendering company receives fair market value for tax losses disposed to any member of the wider group, to remove the proviso that replacement assets be secured, and to include any disposal made in connection with any start-up financing or seed funding;
- amendment to the definition of EBITDA to provide that such term means, in relation to any Ratio Period, operating income (expense) plus, at UPC Broadband's option (except with respect to paragraphs (a) and (b) of that definition), the limbs listed as add backs or deductions to that definition;
- amendment to the Finance Documents to include an ability to redefine the Borrower Group to include a Holding Company of UPC Broadband and that Holding Company's Subsidiaries (other than the excluded subsidiaries) instead of UPC Broadband and its Subsidiaries (other than the excluded subsidiaries), provided that the manner in which any such redefinition of the Bank Group is effected is not materially prejudicial to the interests of the Lenders in the opinion of the Facility Agent (acting reasonably)
- amend the definition of "Permitted Acquisitions" to add a new limb to allow the acquisition of shares or other interests (i) of share capital of a company which is not a member of the Borrower Group and (ii) pursuant to a merger, demerger, partial demerger, contribution, spin off, distribution or similar transaction;
- amend the definition of "Permitted Disposal" to add two new limbs for disposals: (i) any entity, where the only material assets of such entity are assets that could themselves have been the subject of a Permitted Disposal and (ii) of any nominal or non-substantial shareholding;
- amend the definition of "Permitted Disposals", in particular clause 19.11(b)(xxiv) (*Disposals*) of the UPC Broadband Holding Bank Facility to mean disposals of assets where the aggregate fair market value does not exceed the greater of €200,000,000 and 3% of Total Assets in any financial year (with unused amounts being carried over);
- amend clause 19.14(c)(xxiv) (*Restricted Payments*) of the UPC Broadband Holding Bank Facility to (i) delete the reference to "€250,000,000" and replace it with "€300,000,000" and (ii) to add to clause 19.14(c)(xxiv): "with any unused amounts in any financial year being carried over to the next succeeding financial year subject to a maximum of the greater of €300,000,000 and 5% of Total Assets of carried over amounts for any financial year and with any such carried over amounts

being used first in the next succeeding financial year.”;

- amend the transfers by obligors to include that a Novating Borrower may assign or transfer any of its rights, benefits and obligations to another Borrower incorporated in the same jurisdiction as the Novating Borrower if UPC Broadband delivers to the Facility Agent (a) a solvency opinion and (b) legal opinions;
- amend the definition of Additional Facilities Cap as defined in Clause (b) 2.3(g) (*Additional Facilities*) of the UPC Broadband Holding Bank Facility such that: (i) it includes an additional limb for the aggregate amount of any voluntary prepayments of Term Facility Advances that are secured on a *pari passu* basis with the other Facilities or Advances under Revolving Facilities; and (ii) UPC Broadband shall have the ability to classify such amounts of Financial Indebtedness on the date of their incurrence and shall only be required to include the amount and type of such Financial Indebtedness in one of such sub-paragraphs 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 the types of Financial Indebtedness described in such paragraphs, and, from time to time, may reclassify all or a portion of such Financial Indebtedness, in any manner;
- amend sub-paragraph (j) of the definition of EBITDA under the UPC Broadband Holding Bank Facility by adding the words “principles or” before “policies”;
- amend the definition of Credit Facility Excluded Amount by deleting “€350,000,000” and replacing it with “€400,000,000”; and
- amend the UPC Broadband Holding Bank Facility to provide that any Affiliate of UPC Broadband may accede to the UPC Broadband Holding Bank Facility as a Guarantor in accordance with clause 29.8 (*Additional Obligors*) of the UPC Broadband Holding Bank Facility (provided that Security has been granted (in form and substance satisfactory, to the Facility Agent (acting reasonably)) in favour of the Security Agent over 100% of such Affiliate’s shares and all of the rights in relation to loans from any member of the Wider Group (other than such Affiliate and its Subsidiaries or any member of the Borrower Group) to such Affiliate and its Subsidiaries) and that such Affiliate shall be a member of the Borrower Group.

The above description is intended to summarize certain material amendments included in the Finco Accession Agreement but is not complete and exhaustive and does not restate the proposed amendments listed in schedules 7, 8 and 9 of the Finco Accession Agreement in its entirety. These amendments provide significant additional flexibility to UPC Broadband 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 schedules 7, 8 and 9 of the Finco Accession Agreement listed in Annex B of this Offering Memorandum in its entirety before investing in the Notes. See *“Risk Factors—By investing in the 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 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 Agreement and the UPC Broadband Holding Bank Facility”* and *“Description of the Notes—Certain Covenants—Payments for Consent”*.

Transfer restrictions

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

Absence of a public market for the Notes

The Notes are new securities for which there is currently no market. Although the Initial Purchasers have informed the Issuer and UPC Holding that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, neither the Issuer nor UPC Holding can assure you that a liquid market for the Notes will develop or be maintained.

Listing

Application has been made to the Irish Stock Exchange for the Notes to be admitted to listing on the Official List, and trading on its Global Exchange Market. Notwithstanding the foregoing, the Issuer may at its sole option at any time, without the consent of the holders of the Notes or the Trustee, de-list the Notes from any stock exchange for the purposes of moving the listing of such Notes to the Official List of The International Stock Exchange. See *“Description of the Notes—Certain Covenants—Maintenance of Listing”*.

Trustee

The Bank of New York Mellon, London Branch.

Paying agent and transfer agent

The Bank of New York Mellon, London Branch.

Transfer agent and Registrar

The Bank of New York Mellon SA/NV, Luxembourg Branch in Luxembourg.

Security Agent

The Bank of New York Mellon, London Branch.

Irish listing agent

Maples and Calder.

Use of proceeds

The Issuer used the net proceeds of the Notes (together with the fees payable to the Issuer by UPC Financing under the Fee Letter) to fund

the Finco Loan, denominated in euro, under an additional facility (Facility AQ) borrowed by UPC Financing under the UPC Broadband Holding Bank Facility. The proceeds from the Finco Loan are intended to be used for the Refinancing and to pay fees and expenses in connection therewith and for general corporate purposes. See “*Use of Proceeds*”.

Governing law

The Indenture and the Notes are governed by the laws of the State of New York. The UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Deed of Covenant, and the Fee Letter is governed by, and construed in accordance with, English law. The Expenses Agreement is and the Notes Security Documents is governed by, and construed in accordance with, the laws of the Cayman Islands. See “*Description of the Notes—Security*”.

Risk factors

Please see the “*Risk Factors*” section for a description of certain of the risks you should carefully consider before investing in the Notes.

Certain ERISA considerations

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

RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, you should consider carefully the specific risk factors set forth below, as well as the other information contained in this Offering Memorandum. Any of the risks described below could have a material adverse impact on UPC Holding's business, prospects, results of operations, cash flows and financial condition and could therefore have a negative effect on the trading price of the Notes and UPC Holding's ability to pay all or part of the interest or principal on the 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 could have material adverse effects on UPC Holding's results of operations, financial condition, business or operations in the future. In addition, UPC Holding's past financial performance may not be a reliable indicator of UPC Holding's future performance and historical trends should not be used to anticipate results or trends in future periods. Additional risks not currently known to UPC Holding or that UPC Holding now deems immaterial may also harm it and affect your investment.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. UPC Holding's 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 Notes.

UPC Holding is highly leveraged. As of March 31, 2017, on an as adjusted basis after giving effect to the issuance of the Notes and the application of the proceeds thereof (including the Refinancing), the principal amount of UPC Holding's total consolidated third-party debt and capital lease obligations would have been €6.5 billion (equivalent) (excluding approximately €6.3 billion of UPC Holding Subordinated Shareholder Loans and other subordinated related-party notes payable). Of this as adjusted indebtedness, €0.8 billion (equivalent) represents the aggregate principal amount outstanding under the Existing Notes, €2.0 billion (equivalent) represents indebtedness outstanding under the UPC Broadband Holding Bank Facility (excluding Facility AK and Facility AL), €1.7 billion (equivalent) represents the aggregate principal amount outstanding under the UPCB Notes, €0.6 billion represents the aggregate principal amount of the 3⁷/₈% Notes and €0.6 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 March 31, 2017, and as adjusted for the issuance of the Notes offered hereby, and the use of proceeds thereof (including the Refinancing) and the issuance of the 3⁷/₈% Notes and use of proceeds thereof pursuant to the June 2017 Refinancing, €90.1 million was available for borrowing under the UPC Broadband Holding Bank Facility. Further, the indentures governing the UPCH Notes and UPC Broadband Holding Bank Facility allow us, in certain circumstances, to make dividend payments, to make payments on the subordinated loans owed by us to LGE Financing and to make other distributions under the applicable covenants thereunder limiting restricted payments or make minority investments or investments in joint ventures. See the discussions under the heading "Description of the UPC Broadband Holding Bank Facility" and heading "Description of Other Indebtedness" for further information about UPC Holding's substantial debt. Furthermore, UPC Holding's ability to incur additional indebtedness may increase to the extent any amendments are approved by the UPCB Lenders and the UPC Broadband Holding Bank Facility is so amended.

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 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 UPC Holding's 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 11 to the March 31, 2017 Condensed Consolidated Financial Statements included in this Offering Memorandum). At March 31, 2017, on an as adjusted basis after giving effect to the issuance of the Notes offered hereby and the application of the proceeds thereof (including the Refinancing), and the issuance of the 3⁷/₈% Notes offered pursuant to the June 2017 Refinancing and the application of the proceeds thereof, the principal amount of UPC Holding's total third-party consolidated outstanding debt and capital lease obligations would have been €6.5 billion (equivalent), of which €801.4 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 Existing 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 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 Notes. See "Description of Other Indebtedness".

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, which will, in turn, affect UPC Holding's ability 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 €75.0 million or more in the aggregate of the UGCE Borrower Group or the Borrower Group 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, 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 redeem the Notes in full or in part. Certain of the limitations set forth above may change to the extent any amendments are approved by the UCPB Lenders and the UPC Broadband Holding Bank Facility is so amended.

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 UPCH 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 Notes. See "Description of Other Indebtedness".

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. In certain countries in which UPC Holding operates, its ability to increase subscription rates is subject to regulatory controls. Also, UPC Holding's ability to increase subscription rates may be constrained by competitive pressures. 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.

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, telephony and mobile services in many of the regions in which UPC Holding operates are highly competitive. UPC Holding faces competition from traditional free-to-air ("FTA") broadcast television services, direct-to-home satellite ("DTH") service providers and other fixed-line telecommunications carriers and broadband providers, including the incumbent telephony operators offering (a) IPTV through broadband internet connections using digital subscriber line ("DSL"), an asymmetrical digital subscriber line ("ADSL") or VDSL technology or enhancements to very high bit rate DSL ("VDSL") called, for instance, "vectoring", "paring" or "bonding", (b) internet protocol television ("IPTV") over fiber optic lines to the home, cabinet or building or to the node networks (which is referred to herein as "FTTx") networks and, in some countries where parts of its systems are overbuilt, cable networks, among others. As the availability and speed of broadband internet increases, UPC Holding also faces competition from over-the-top video content providers utilizing its or its competitors' high-speed internet connections. Digital terrestrial television ("DTT") broadcasters, satellite master antenna systems (commonly known as "SMATVs") and multi-channel multipoint distribution system ("MMDS") operators, as well as mobile providers of voice and

data, compete with UPC Holdings' services. In the provision of telephony and broadband internet services, 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. Moreover, many of UPC Holding's competitors offer 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) ("LTE"), are creating additional competitive challenges.

In some of UPC Holding's markets, national and local government agencies may seek to become involved in communications networks and media by subsidizing them. 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, 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 and the stability of the British pound sterling, 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 E.U. Commission to address debt burdens of certain countries in Europe and the overall stability of the eurozone. As a result, UPC Holding 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".

Adverse economic developments could reduce customer spending for UPC Holding's cable television, broadband, telephony and mobile services and increase churn.

Most of UPC Holding's revenue is derived from customers who could be impacted by adverse economic developments globally, in Europe and in the countries in which UPC Holding operates. Ongoing struggles in Europe related to sovereign debt issues, among other things, have contributed to a challenging economic environment. Accordingly, unfavorable economic conditions may impact a significant number of UPC Holding's customers, including their spending patterns, both in terms of the products they subscribe for and usage levels. 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 materially adversely affected if the economic environment in Europe remains uncertain or declines further (including as a result of the United Kingdom's recent vote to leave

the E.U.). Negative changes in demand as a result of declining economic environment could have a material adverse effect on UPC Holding's revenue and operating cash flow.

UPC Holding may not report net earnings.

UPC Holding reported net losses of €21.3 million, €679.3 million, €1,000.8 million and €1,359.0 million during the three months ended March 31, 2017 and the years ended December 31, 2016, 2015 and 2014, respectively. In light of UPC Holding's historical financial performance and the impact of 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. Of note, UPC Holding has undertaken network extensions to connect additional homes and businesses to UPC Holding's networks in Central and Eastern Europe. These expansions and improvements require significant capital expenditures for equipment and associated labor costs. Significant competition, the introduction of new technologies, the expansion of existing technologies, such as FTTx and advanced DSL 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 its 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 video-on-demand ("VoD"), "Replay TV" and digital video recorder ("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, as well as rate increases and growth in the number of enhanced video subscribers.

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 rights, particularly with respect to popular sports and movie programming and as certain entrants in the over-the-top market (for example Netflix and Amazon) increasingly produce their own exclusive content. In addition, must carry requirements may consume channel capacity otherwise available for more attractive programming. 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 and equipment (including its routers and set-up boxes) are vulnerable to damage or security breach from a variety of sources, including telecommunications failures, power loss, malicious human acts, security flaws and natural disasters. Moreover, despite security measures, its servers, systems and equipment 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 in the E.U. and 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, could trigger claims for payment of damages or contractual remedies and could result in a loss of customers and net revenue.

Unauthorized access to UPC Holding's network resulting in piracy could result in a loss of revenue.

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

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

Historically, UPC Holding's businesses have grown, in part, through selective acquisitions in order to take advantage of existing networks, local service offerings and industry or market-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. For example, UPC Holding recently entered into a definitive agreement in relation to the Polish Acquisition. The Polish Acquisition is subject to certain regulatory approvals and customary closing conditions. If these conditions have not been satisfied by a specified long stop date, or if it becomes apparent that these conditions will not be satisfied by such date, the Polish Acquisition may be terminated by either party. Even if UPC Holding is successful in acquiring new businesses, the integration of new businesses may present significant costs and challenges associated with realizing economies of scale in interconnection, programming and network operations; eliminating duplicative overheads; integrating personnel, networks, financial systems and operational systems; and greater than anticipated expenditures required for compliance with regulatory standards or for investments to improve operational results and failure to achieve the business plan with respect to any such acquisition. There can be no assurance that UPC Holding will be successful in acquiring new businesses or realizing the anticipated benefits of any completed acquisition including the Polish Acquisition.

UPC Holding may not be successful at entering new businesses or broadening the scope of its existing product and service offerings.

From time to time, UPC Holding enters into new businesses that are adjacent or complementary to its existing businesses and that broaden the scope of its existing product and service offerings. UPC Holding may not achieve its expected growth if it is not successful in these efforts. In addition, entering into new businesses and broadening the scope of its existing product and service offerings may require significant upfront expenditures that it may not be able to recoup in the future. These efforts may also divert management's attention and expose UPC Holding to new risks and regulation, which may have a material adverse effect on its business, results of operations and financial condition.

Strikes, work stoppages and other industrial actions could disrupt UPC Holding's 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 UPC Holding 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 its 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 its 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. For information regarding an audit with respect to VAT payments that the Hungarian tax authorities conducted for the years 2010 through 2012, see note 10 to the March 31, 2017 Condensed Consolidated Financial Statements.

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 its 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 macroeconomic 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.

The U.K. referendum advising for the exit of the U.K. from the E.U. could have a material adverse effect on UPC Holding's business, financial condition, results of operations or liquidity.

On June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U., commonly referred to as "Brexit". The terms of any withdrawal are subject to a negotiation period that could take until March 2019. A withdrawal could, among other outcomes, disrupt the free movement of goods, services, people and capital between the U.K. and the E.U., undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the U.K. and the E.U. or other nations as the U.K. pursues independent trade relations. The initial impact of the announcement of Brexit caused significant volatility in global capital markets.

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

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

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

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.

In Europe, the video distribution, broadband internet, telephony and mobile businesses are regulated at the E.U. level, which is transposed by member states into national law, except in Switzerland where Swiss law applies. UPC Holding's businesses are subject to these laws. 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 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 and is subject to termination rights of customers. Regulatory authorities may require UPC Holding to grant third parties access to its facilities, including ducts, and after a market analysis where UPC holding is found to have Significant Market Power (defined below under "*Business – Regulatory Matters – E.U. Communications Regulation*"), impose obligations, including access and resale of UPC Holding's services. 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 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 E.U., European level), which can block, impose conditions on, or delay an acquisition, thus hampering UPC Holding's opportunities for growth. For example, the consummation of the Polish Acquisition is contingent upon the receipt of certain governmental and regulatory approvals, and it is possible that certain conditions may be imposed on UPC Holding's business in connection with such approvals. 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 E.U. 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 E.U. 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 E.U. 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 access and pricing obligations and other requirements that could provide a more favorable operating environment for existing and potential competitors.

UPC Holding is not an investment company under the Investment Company Act.

Neither UPC Holding 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 (the "**1940 Act**") and investors will not have the benefit of any of the protections of the 1940 Act.

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

UPC Holding's 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 its 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 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 markets in which it operates.

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 or companies, as the case may be, may conflict with UPC Holding's interests and this could adversely affect its business.

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 Finco Loan to provide it with funds to meet its obligations under the Notes.

The Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. The Issuer is a special purpose financing company that has no material business operations, no direct subsidiaries and no employees and, following completion of the offering of the Notes, the only material asset of the Issuer on the Issue Date will consist of its rights under the Finco Loan 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 Loan, other than certain amounts due on the Notes (such as prepayment premiums and additional amounts following certain tax events), which will be financed by UPC Financing pursuant to the Fee Letter or by UPC Broadband Holding pursuant to the Expenses Agreement, respectively, in order to service its obligations under the Notes.

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

UPC Broadband Holding and UPC Financing conduct no business operations of their own. You will not have any direct claim on the cash flows or assets of any of UPC Broadband Holding's direct or indirect subsidiaries. Such subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to UPC Broadband Holding for these payments.

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. Existing and future debt of certain of these subsidiaries may prohibit or limit the payment of dividends or the making, or repayment, of loans or advances to UPC Broadband Holding or its respective parent entities. In addition, because these subsidiaries are separate and distinct legal entities they have no obligation to provide UPC Broadband Holding or UPC Financing funds for payment obligations, whether by dividends, distributions, loans or other payments, except to the extent they are guarantors under the UPC Broadband Holding Bank Facility. If any of UPC Broadband Holding's direct or indirect subsidiaries are unable to make distributions or other payments to it or their respective parent entities, UPC Financing does not expect to have any other sources of funds that would allow it to make payments under the Finco Loan, and in turn, allow the Issuer to make payments under the Notes. There can be no assurance that arrangements with UPC Broadband Holding's subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of UPC Broadband Holding's subsidiaries will provide UPC Financing with sufficient dividends, distributions or loans to fund payments under the Finco Loan, and in turn, fund payments by the Issuer under the Notes, when due.

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

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

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by any other creditors that also have the benefit of first liens on the Collateral securing the Notes from time to time, whether on or after the date the Notes are issued. 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 Notes as well as the ability of the Security Agent to realize or foreclose on such Collateral.

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

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

Applicable law requires that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the Collateral securing the Notes may not be perfected with respect to the claims of the Security Agent on behalf of the Trustee and the holders of the Notes if the 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 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 Finco Loan will not be granted directly to the holders of the Notes.

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

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

By investing in the 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 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 Agreement contains the advance consent of the Issuer, as a UPCB Lender, to the UPC Broadband Holding Bank Facility Amendments that UPC Broadband Holding may choose to implement 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 Agreement 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, 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 Agreement, if and when the UPC Broadband Holding Bank Facility Amendments come into effect, the Finco Loan 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 Agreement*”. Given the significant nature of the UPC Broadband Holding Bank Facility, you should read the terms of the Finco Accession Agreement, including the UPC Broadband Holding Bank Facility Amendments listed in schedule 3, 4 and 5 of the Finco 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 Change 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 LGE Financing, 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 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 Loan.

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

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

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

UPC Equipment and its subsidiaries will be Unrestricted Subsidiaries under the Indenture and will not be subject to the restrictive covenants in the Indenture.

UPC Equipment and its subsidiaries will be Unrestricted Subsidiaries of UPC Holding under the Indenture. Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture; as a consequence, Noteholders will have no recourse to any Unrestricted Subsidiary, its assets or its properties if there is an event of default under the Indenture. Access by the Issuer to the cash flow generated by Unrestricted Subsidiaries, including UPC Equipment and its subsidiaries, is limited to amounts actually distributed to the Issuer as dividends or other distributions. See “—*Risks Relating to UPC Holding’s Financial Profile—UPC Holding may not be able to generate sufficient cash to meet its debt service obligations.*” Unrestricted Subsidiaries may also be subject to restrictions on their ability to make distributions to the Issuer, further limiting access to their cash flow. Since Unrestricted Subsidiaries, including UPC Equipment and its subsidiaries, are not subject to the restrictive covenants in the Indenture, they are free, among other things, to incur and secure indebtedness, sell assets and use the proceeds therefrom in accordance with the terms of their existing debt agreements, which could delay or preclude the distribution of dividend payments or any other similar payments by such Unrestricted Subsidiaries to the Issuer. Defaults by UPC Equipment or any of its subsidiaries under any of their debt instruments, including any insolvency, will not result in a cross-default under the Indenture, and Noteholders will, therefore, not be able to accelerate the maturity of the Notes even if the financial condition of UPC Equipment and its subsidiaries were to deteriorate significantly.

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

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

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

Upon the occurrence of a Change of Control (as defined in the UPC Broadband 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 Loan) and to pay any premiums or other amounts that may be due under the UPC Broadband Holding Bank Facility, including a payment equal to 1% of the principal amount of the Finco Loan, as required under the Finco Accession Agreement. The ability of UPC Broadband Holding and UPC Financing to prepay the Finco Loan upon a Change of Control would be limited by their access to funds at the time of the prepayment and the terms of their other debt agreements, which agreements could restrict or prohibit such a prepayment. Upon a Change of Control, UPC Broadband Holding and UPC Financing may be required immediately to repay the outstanding principal, any accrued interest on and any other amounts owed by them under one or more of their other bank facilities. The source of funds for these repayments would be their available cash or cash generated from other sources. However, there

can be no assurance that UPC Broadband Holding and UPC Financing will have sufficient funds available upon a Change of Control to make these repayments. If they are not able to make the required prepayment of the UPC Broadband Holding Bank Facility (including the Finco Loan), the Issuer will not be able to redeem the Notes.

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

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

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

You may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If you measure your investment returns by reference to a currency other than euro, an investment in the Notes entails foreign exchange related risks, including among other factors, possible significant changes in the value of the euro relative to the currency by reference to which you measure your investment returns because of economic, political and other factors over which the Issuer or UPC Holding has no control. Depreciation of the euro against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign currency gains or losses from any investment in the Notes and you should consult with your own tax advisors regarding any such tax consequences.

The Notes are subject to restrictions on transfer within the United States or to U.S. persons and may be subject to transfer restrictions under the laws of other jurisdictions.

The Notes offered hereby have not been registered under the U.S. Securities Act and are subject to restrictions on transferability and resale. The Notes are being offered in reliance upon exemptions from registration under the U.S. Securities Act and applicable state securities laws. Therefore, the Notes may be transferred or resold only in a transaction registered under or exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In addition, transfer restrictions with respect to the Notes which relate to exceptions provided for under the U.S. Investment Company Act of 1940, as amended, prohibit transfer except as provided by the transfer restrictions under “*Plan of Distribution*” and “*Transfer Restrictions*”. You should read the discussions under “*Plan of Distribution*” and “*Transfer Restrictions*” for further information about these and other transfer restrictions. It is the obligation of the holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable law.

An active trading market may not develop for the Notes and the price of the Notes may fluctuate.

The Issuer intends to make an application for listing on the Official List of the Irish Stock Exchange and admission to trading on the Global Exchange Market thereof, but it cannot assure you that the Notes will become or remain listed. If the Issuer can no longer maintain the listing on the Official List of the Irish Stock Exchange 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 Official List of the Irish Stock Exchange, provided that the Issuer will use all reasonable efforts to obtain and maintain the listing of the Notes on another stock exchange, although there can be no assurance that the Issuer will be able to do so. Notwithstanding the foregoing, the Issuer may at its sole option at any time, without the consent of the holders of the Notes or the Trustee, de-list the Notes from any stock exchange for the purposes of moving the listing of such Notes to the Official List of The International Stock Exchange.

The Notes will constitute a new issue of securities with no established trading market. If a trading market does not develop or is not maintained, holders of the Notes may experience difficulty in reselling the Notes or may be unable to sell them at all. Accordingly, the Issuer cannot assure holders that an active trading market for the Notes will develop or, if a market develops, as to the liquidity of the market.

The liquidity of any market for the Notes will depend on the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and other factors. Accordingly, the Issuer cannot assure you as to the development or liquidity of any market for the Notes. If an active trading market does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial issue price depending upon prevailing interest rates, the market for similar securities, general economic conditions, the Issuer’s performance and business prospects and certain other factors.

Factors including the following may have a significant effect on the market price of the Notes:

- actual or anticipated fluctuations in operating results of UPC Holding, including its ability to generate cash flow from operations;
- perceived business prospects of UPC Holding;
- ability or perceived ability of UPC Holding to access capital markets and other sources of financing in the future;
- general economic conditions, including prevailing interest rates; and
- the market for similar securities.

The various insolvency and administrative laws to which UPC Holding and the Issuer are subject may not be favorable to creditors, including the Issuer as lender under the Finco Loan and holders of Notes, as the case

may be, and may limit the Issuer's ability to enforce its rights under the Finco Loan and your ability to enforce your rights under the Notes.

The Netherlands and the EU

UPC Holding, 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 E.U. 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 E.U. 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 Loan underlying the Notes, may be voided if entered into or granted within specified hardening periods in advance of an insolvency event and/or if this is found to be detrimental to the creditors; and
- the ability to claim for or collect interest or other amounts accruing after the commencement of bankruptcy proceedings may be limited and may not be entitled to priority.

In addition, although the E.U. 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 you to effect service of process within the United States upon the Issuer or its respective directors and officers, or for you 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, 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); (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; and (iii) if it is or is acting on behalf of a Benefit Plan Investor, the decision to purchase the Notes has been made by a duly authorized fiduciary (each, a “**Plan Fiduciary**”) who is independent of UPC Holding and its affiliates, which Plan Fiduciary (A) is a fiduciary under ERISA or the Code, or both, with respect to the decision to purchase the Notes, (B) is not the individual retirement account (“**IRA**”) owner (in the case of an acquirer or transferee which is an IRA), (C) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Notes, (D) has exercised independent judgment in evaluating whether to invest the assets of such Benefit Plan Investor in the Notes, and (E) is either a bank, an insurance carrier, a registered investment adviser, a registered broker-dealer or an independent fiduciary with at least \$50 million of assets under management or control; provided, however, that acquirers and transferees will not be deemed to make the representations in this clause (iii) to the extent that the regulations under Section 3(21) of ERISA issued by the U.S. Department of Labor on April 8, 2016 are rescinded or otherwise are not implemented in their current form. 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.

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

Unless and until definitive notes are issued in exchange for book-entry interests in the Notes, owners of the book-entry interests will not be considered owners or holders of Notes. Instead, the nominee of or common depositary for Euroclear and Clearstream, as applicable, will be the sole holder of the Notes.

Payments of amounts owing in respect of the Global Notes (as defined herein) (including principal, premium, interest, additional interest and additional amounts) will be made by UPC Holding to the paying agent. The paying agent will, in turn, make such payments to the nominee of or common depositary for Euroclear and Clearstream, as applicable, which will distribute such payments to participants in accordance with their respective procedures.

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

The lack of physical certificates could also:

- result in payment delays on your certificates because the Trustee will be sending distributions on the certificates to Euroclear and/or Clearstream instead of directly to you;
- make it difficult for you to pledge your certificates if physical certificates are required by the party demanding the pledge; and
- hinder your ability to resell your certificates because some investors may be unwilling to buy certificates that are not in physical form.

USE OF PROCEEDS

The net proceeds from this offering together with the fees payable to the Issuer by UPC Financing under the Fee Letter are expected to be €600.0 million. Estimated fees and expenses of €4.3 million associated with the offering of the Notes are expected to be paid from the existing cash and cash equivalents of UPC Holding.

The Issuer intends to use the net proceeds of the offering of the Notes, together with the fees payable to it by UPC Financing under the Fee Letter, to fund the Finco Loan, denominated in euro, under a new additional facility (Facility AQ) borrowed by UPC Financing under the UPC Broadband Holding Bank Facility to UPC Financing. The gross proceeds from the Finco Loan drawn under Facility AQ are intended to be used to repay in full the €600.0 million principal amount outstanding under Facility AO under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and related premium, and for general corporate purposes, which may include loans, distributions or other payments to UPC Holding and its direct or indirect parent companies.

CAPITALIZATION OF UPC HOLDING

The following table sets forth, in each case as of March 31, 2017, (i) the actual consolidated cash and cash equivalents and capitalization of UPC Holding, (ii) the consolidated cash and cash equivalents and capitalization of UPC Holding on an as adjusted basis after giving effect to the June 2017 Refinancing and (iii) the consolidated cash and cash equivalents and capitalization of UPC Holding on an as adjusted basis after giving effect to (a) the June 2017 Refinancing and (b) the issuance of the Notes and completion of 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—June 2017 Refinancing”, “General Description of UPC Holding’s Business and the Offering”, “Use of Proceeds”, “Summary Financial 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 March 31, 2017 Condensed Consolidated Financial Statements included elsewhere in this offering memorandum.

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 issuance of the Notes have not been reflected in the as adjusted data presented in this table. Except as set forth in the footnotes to this table, there have been no material changes to UPC Holding’s cash and cash equivalents and third-party capitalization since March 31, 2017.

	March 31, 2017		
	Actual	As Adjusted— June 2017 Refinancing (1)	As Adjusted— June 2017 Refinancing and issuance of the Notes (2)
	in millions		
CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF UPC HOLDING			
Total cash and cash equivalents (3)	€ 14.7	€ 18.3	€ 14.0
Third-party debt:			
UPC Holding Senior Notes:			
6 ³ / ₈ % Notes (4)	€ 600.0	€ —	€ —
Other Existing UPC Holding Senior Notes	777.2	777.2	777.2
3 ⁷ / ₈ % Notes (4)	—	635.0	635.0
UPC Holding Subsidiaries:			
Notes offered hereby (5)	—	—	600.0
Existing UPCB Notes	1,665.7	1,665.7	1,665.7
UPC Broadband Holding Bank Facility (6)	2,610.0	2,610.0	2,010.0
Vendor financing	805.5	805.5	805.5
Total third-party debt before discounts and deferred financing costs	6,458.4	6,493.4	6,493.4
Discounts and deferred financing costs (7)	(41.9)	(40.5)	(40.1)
Total carrying amount of third-party debt	6,416.5	6,452.9	6,453.3
Capital lease obligations	38.6	38.6	38.6
Total third-party debt and capital lease obligations	6,455.1	6,491.5	6,491.9
UPC Holding Subordinated Shareholder Loan and other subordinated related-party notes payable	6,297.3	6,297.3	6,297.3
Owners’ deficit (8)	(6,818.9)	(6,851.7)	(6,856.4)
Total capitalization (9)	€ 5,933.5	€ 5,937.1	€ 5,932.8

(1) The “As Adjusted—June 2017 Refinancing” amounts reflect the issuance of the 3 ⁷/₈% Notes and use of proceeds thereof pursuant to the June 2017 Refinancing.

(2) The “As Adjusted—June 2017 Refinancing and issuance of the Notes” amounts reflect the “As Adjusted—June 2017 Refinancing” amounts and are further adjusted to reflect the issuance of the Notes offered hereby and the completion of the Refinancing.

- (3) The “As Adjusted—June 2017 Refinancing” amount reflects the use of proceeds from the issuance of the 3⁷/₈% Notes to (i) redeem in full the 6³/₈% Notes, including the estimated redemption premium of €26.4 million, (ii) pay estimated expenses of €5.0 million associated with the offering of the 3⁷/₈% Notes and (iii) increase the cash and cash equivalents of UPC Holding by €3.6 million. The “As Adjusted—June 2017 Refinancing and issuance of the Notes” amount reflects the “As Adjusted—June 2017 Refinancing” amount and is further adjusted to reflect (a) the issuance of the Notes offered hereby and the use of the proceeds to fund the Refinancing and (b) the use of existing cash and cash equivalents of UPC Holding of €4.3 million to pay estimated expenses associated with the offering of the Notes.
- (4) The “As Adjusted” amounts reflect the June 2017 Refinancing.
- (5) The “As Adjusted—June 2017 Refinancing and issuance of the Notes” amount reflects the issuance of the Notes.
- (6) The “As Adjusted—June 2017 Refinancing and issuance of the Notes” amount reflects the completion of the Refinancing.
- (7) The “As Adjusted—June 2017 Refinancing” amount reflects (i) estimated fees and expenses of €5.0 million assumed to be paid in connection with the issuance of the 3⁷/₈% Notes and (ii) the write-off of (a) unamortized discount of €3.4 million and (b) deferred financing fees of €3.0 million, each associated with the 6³/₈% Notes in connection with the June 2017 Refinancing. The “As Adjusted—June 2017 Refinancing and issuance of the Notes” amount reflects the “As Adjusted—June 2017 Refinancing” amount and is further adjusted to reflect (1) estimated fees and expenses of €4.3 million assumed to be paid in connection with the issuance of the Notes and (2) the write-off of (A) unamortized discount of €1.5 million and (B) deferred financing fees of €3.2 million, each associated with Facility AO under the UPC Broadband Holding Bank Facility in connection with the Refinancing.
- (8) The “As Adjusted—June 2017 Refinancing” amount reflects (i) a loss on extinguishment of debt of €26.4 million related to the payment of redemption premiums associated with the redemption of the 6³/₈% Notes and (ii) a loss on extinguishment of debt of €6.4 million related to the write-off of (a) unamortized discount of €3.4 million and (b) deferred financing costs of €3.0 million, each associated with the 6³/₈% Notes in connection with the June 2017 Refinancing. The “As Adjusted—June 2017 Refinancing and issuance of the Notes” amount reflects the “As Adjusted—June 2017 Refinancing” amount and is further adjusted to reflect a loss on extinguishment of debt of €4.7 million related to the write-off of (1) unamortized discount of €1.5 million and (2) deferred financing costs of €3.2 million, each associated with Facility AO under the UPC Broadband Holding Bank Facility in connection with the Refinancing.
- (9) In the event that additional indebtedness were incurred in connection with any Potential Financing Transaction, there would be an expected impact on total cash and cash equivalents, total debt, total equity and total capitalization presented above. Any actual impact would depend on the amount of additional indebtedness incurred and the use of proceeds thereof, and could be material. See “Risk Factors—Risks Relating to UPC Holding’s Financial Profile—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”.

CAPITALIZATION OF THE ISSUER

The following table sets forth, as of March 31, 2017, (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 Notes offered hereby.

	March 31, 2017			
	Actual		As Adjusted	
	in millions			
CASH AND CAPITALIZATION OF THE ISSUER				
Total cash and cash equivalents.....	€	—	€	—
Total debt.....		—	€	600.0
Total stockholders' equity.....		—		—
Total capitalization	€	—	€	600.0

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

The following discussion and analysis, which should be read in conjunction with the March 31, 2017 Condensed Consolidated Financial Statements and the December 31, 2016 Consolidated Financial Statements, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Overview.* This section provides a general description of our business and recent events.
- *Results of Operations.* This section provides an analysis of our results of operations for the three months ended March 31, 2017 and 2016 and for the years ended December 31, 2016, 2015 and 2014.
- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity, consolidated statements of cash flows and contractual commitments.
- *Critical Accounting Policies, Judgments and Estimates.* This section discusses those material accounting policies that contain uncertainties and require significant judgment in their application.

The capitalized terms used below have been defined in the notes to the March 31, 2017 Condensed Consolidated Financial Statements and the December 31, 2016 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 March 31, 2017 and December 31, 2016, as applicable.

Overview

General

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. In addition, each of our reportable segments also provides B2B services.

Operations

At March 31, 2017, we owned and operated networks that passed 13,563,000 homes and served 13,056,100 RGUs, consisting of 6,005,700 video subscribers, 4,159,300 broadband internet subscribers and 2,891,100 fixed-line telephony subscribers. In addition, at March 31, 2017, we served 196,300 mobile subscribers.

At December 31, 2016, we owned and operated networks that passed 13,472,700 homes and served 13,011,100 RGUs, consisting of 6,026,700 video subscribers, 4,127,100 broadband internet subscribers and 2,857,300 fixed-line telephony subscribers. In addition, at December 31, 2016, we served 178,600 mobile subscribers.

The following tables provide details of our organic RGU and mobile subscriber changes for the periods indicated. Organic RGU and mobile subscriber changes exclude the effect of acquisitions (RGUs and mobile subscribers added on the acquisition date) and other non-organic adjustments, but include post-acquisition date RGU and mobile subscriber additions or losses, as applicable.

	Three months ended March 31,	
	2017	2016
Organic RGU additions (losses):		
Video:		
Basic	(39,800)	(52,300)
Enhanced	27,900	32,100
DTH	(12,900)	(3,700)
Total video	(24,800)	(23,900)
Broadband internet.....	34,900	31,500
Fixed-line telephony	35,800	44,100
Total organic RGU additions	45,900	51,700
Organic postpaid mobile additions	17,700	18,600

	Year ended December 31,		
	2016	2015	2014
Organic RGU additions (losses):			
Video:			
Basic	(155,800)	(197,400)	(351,400)
Enhanced	150,300	108,800	250,700
DTH	10,400	46,100	4,400
Total video	4,900	(42,500)	(96,300)
Broadband internet.....	169,800	187,100	242,000
Fixed-line telephony	199,000	219,700	137,200
Total organic RGU additions	373,700	364,300	282,900
Organic postpaid mobile additions	91,100	56,700	6,600

Video services. We provide video services in all of our residential markets and, for most of our customers, we have enhanced our video offerings with various products that enable such customers to control when they watch their programming. These products range from digital video recorders to multimedia home gateway systems capable of distributing video, voice and data content throughout the home and to multiple devices.

Broadband internet services. In all of our broadband communications markets, we offer multiple tiers of broadband internet service with available maximum download speeds as high as 500 Mbps or more depending on location. We continue to invest in new technologies that allow us to increase the internet speeds we offer to our customers.

Fixed-line telephony services. We offer fixed-line telephony services in all of our broadband communications markets, primarily using voice-over-internet-protocol or “VoIP” technology.

Mobile services. We offer voice and data mobile services through MVNO networks in some of our broadband communications markets.

B2B services. All of our operations also provide B2B services, including voice, broadband internet, data, video, wireless and cloud services.

Strategy and management focus

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.

Competition and Other External Factors

We are experiencing significant competition from incumbent telecommunications operators, DTH operators and/or other providers in all of our broadband communications markets. This significant competition, together with macroeconomic factors, has adversely impacted our revenue, RGUs and/or average monthly subscription revenue per average cable RGU or mobile subscriber, as applicable (ARPU). For additional information regarding the revenue impact of changes in the RGUs and ARPU of our reportable segments, see *Discussion and Analysis of our Reportable Segments* below.

In addition to competition, our operations are subject to macroeconomic, political and other risks that are outside of our control. On June 23, 2016, the United Kingdom (“U.K.”) held a referendum in which U.K. citizens voted in favor of, on an advisory basis, an exit from the E.U., commonly referred to as “**Brexit**.” The terms of any withdrawal are subject to a negotiation period that could take until March 2019. A withdrawal could, among other outcomes, disrupt the free movement of goods, services, people and capital between the U.K. and the E.U., undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the U.K. and the E.U. or other nations as the U.K. pursues independent trade relations. The initial impact of the announcement of Brexit caused significant volatility in global capital markets.

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

Results of Operations

The comparability of our operating results during all periods presented is somewhat affected by acquisitions and foreign currency translation effects (FX). As we use the term, organic growth excludes FX and the estimated impact of acquisitions.

In the following discussion, we quantify the estimated impact of acquisitions (the “**Acquisition Impact**”) 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 to six months following the acquisition date, as adjusted to remove integration costs and any other material nonrecurring or nonoperational items, such that changes from those operating results in subsequent periods are considered to be organic changes. Accordingly, in the following discussion, (i) organic variances attributed to an acquired entity during the first 12 months following the acquisition date represent differences between the Acquisition Impact and the actual results and (ii) the calculation of our organic growth percentages includes the organic growth of an acquired entity relative to the Acquisition Impact of such entity. During 2016, we changed how we calculate our organic growth percentages to include the Acquisition Impact in the denominator of the calculation, as this methodology takes into account the size of the acquired entity’s operations relative to our existing operations. This change has been reflected retroactively for all periods presented herein.

Changes in foreign currency exchange rates have a significant impact on our reported operating results as most of our operating segments have functional currencies other than the euro. Our primary exposure to FX risk during the three months ended March 31, 2017 was to the Swiss franc and other local currencies in Europe as 84.2% of our euro revenue during the period was derived from subsidiaries whose functional currency is

other than the euro. The portions of the changes in the various components of our results of operations that are attributable to changes in FX are highlighted under Discussion and Analysis of our Reportable Segments and Discussion and Analysis of our Consolidated Operating Results below.

Discussion and Analysis of our Reportable Segments

General

Our reportable segments derive their revenue primarily from broadband communications services, including video, broadband internet and fixed-line telephony services. Each of our reportable segments also provides B2B and mobile services. For detailed information regarding the composition of our reportable segments, see note 11 to the March 31, 2017 Condensed Consolidated Financial Statements.

The tables presented below in this section provide a separate analysis of each of the line items that comprise Segment OCF, as further discussed in note 11 to the March 31, 2017 Condensed Consolidated Financial Statements, as well as an analysis of Segment OCF by reportable segment for the three months ended March 31, 2017 and 2016. These tables present (i) the amounts reported by each of our reportable segments for the current and comparative periods, (ii) the reported 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 impact 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 Segment OCF margins of our reportable segments for the three months ended March 31, 2017 and 2016 at the end of this section. We do not include share-based compensation in the 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.

The revenue of our reportable segments includes revenue earned from (i) subscribers to our broadband communication and other fixed-line and DTH services (collectively referred to herein as “**cable subscription revenue**”) and our mobile services and (ii) B2B services, interconnect fees, mobile handset sales, channel carriage fees, installation fees, late fees and advertising revenue. Consistent with the presentation of our revenue categories in note 11 to the March 31, 2017 Condensed Consolidated Financial Statements, we use the term “subscription revenue” in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees and late fees. In the following tables, mobile subscription revenue excludes the related interconnect revenue.

In Switzerland/Austria, we offer our customers the option to purchase a mobile handset pursuant to a contract that is independent of a mobile airtime services contract (a “**Split-contract Program**”). Revenue associated with handsets sold under a Split-contract Program is recognized upfront and included in other non-subscription revenue. We generally recognize the full sales price for the mobile handset upon delivery, regardless of whether the sales price is received upfront or in installments. Prior to the Split-contract Programs, all revenue from handset sales that was contingent upon delivering future airtime services was recognized over the life of the customer contract as part of the monthly fee and included in subscription revenue.

All 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 costs and expenses and corresponding declines in our Segment OCF and Segment OCF margins to the extent of any such tax increases.

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/or costs. The ultimate impact of any such changes in termination rates on our Segment OCF would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

We are subject to inflationary pressures with respect to certain 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.

Results of Operations—Three Months Ended March 31, 2017 compared to the Three Months Ended March 31, 2016

Revenue of our Reportable Segments

	Three months ended March 31,		Increase		Organic increase (decrease)
	2017	2016	€	%	%
	in millions				
Switzerland/Austria	€ 397.8	€ 392.8	€ 5.0	1.3	(1.1)
Central and Eastern Europe	254.8	241.1	13.7	5.7	5.2
Total	€ 652.6	€ 633.9	€ 18.7	2.9	1.3

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 markets. This competition has an adverse impact on our ability to increase or maintain our RGUs and/or ARPU.

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

Switzerland/Austria. The increase in Switzerland/Austria's revenue during the three months ended March 31, 2017, as compared to the corresponding period in 2016, includes (i) an organic decrease of €4.3 million or 1.1%, (ii) the impact of acquisitions and (iii) the impact of FX, as set forth below:

	Subscription revenue	Non- subscription revenue	Total
	in millions		
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs ^(a)	€ 0.2	€ —	€ 0.2
ARPU ^(b)	(10.3)	—	(10.3)
Total decrease in cable subscription revenue	(10.1)	—	(10.1)
Increase in mobile subscription revenue ^(c)	4.0	—	4.0
Total decrease in subscription revenue	(6.1)	—	(6.1)
Increase in B2B revenue ^(d)	—	0.3	0.3
Increase in other revenue ^(e)	—	1.5	1.5
Total organic increase (decrease)	(6.1)	1.8	(4.3)
Impact of acquisitions	0.4	1.4	1.8
Impact of FX	6.4	1.1	7.5
Total	€ 0.7	€ 4.3	€ 5.0

- (a) The increase in cable subscription revenue related to a change in the average number of RGUs is primarily attributable to the net effect of (i) a decline in the average number of basic video RGUs, (ii) increases in the average number of fixed-line telephony RGUs, broadband internet RGUs in Austria and enhanced video RGUs and (iii) a decrease in the average number of broadband internet RGUs in Switzerland.
- (b) The decrease in cable subscription revenue related to a change in ARPU is attributable to (i) a decrease due to lower ARPU from (a) fixed-line telephony and video services and (b) broadband internet services, as a decline in Switzerland was only partially offset by an increase in Austria, and (ii) an adverse change in RGU mix in Austria.
- (c) The increase in mobile subscription revenue is due to an increase in the average number of mobile subscribers.
- (d) The increase in B2B revenue is largely due to the net effect of (i) higher revenue from data services and (ii) lower revenue from fixed-line telephony services.
- (e) The increase in other revenue is largely due to the net effect of (i) a €3.4 million increase in Switzerland due to the release of unclaimed customer credits during the 2017 period and (ii) a decrease in installation revenue in Switzerland.

Central and Eastern Europe. The increase in Central and Eastern Europe's revenue during the three months ended March 31, 2017, as compared to the corresponding period in 2016, includes (i) an organic increase of €12.3 million or 5.2% and (ii) the impact of FX, as set forth below:

	<u>Subscription revenue</u>	<u>Non- subscription revenue</u>	<u>Total</u>
		in millions	
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs ^(a)	€ 9.3	€ —	€ 9.3
ARPU ^(b)	(2.1)	—	(2.1)
Total increase in cable subscription revenue.....	7.2	—	7.2
Increase in mobile subscription revenue	0.8	—	0.8
Total increase in subscription revenue.....	8.0	—	8.0
Increase in B2B revenue	—	2.6	2.6
Increase in other revenue	—	1.7	1.7
Total organic increase	8.0	4.3	12.3
Impact of FX.....	0.9	0.5	1.4
Total.....	<u>€ 8.9</u>	<u>€ 4.8</u>	<u>€ 13.7</u>

- (a) The increase in cable subscription revenue related to a change in the average number of RGUs is primarily attributable to the net effect of (i) increases in the average numbers of broadband internet, fixed-line telephony and enhanced video RGUs in Romania, Hungary, Poland and Slovakia, (ii) a decline in the average number of basic video RGUs in Hungary, Poland, Romania and Slovakia, (iii) increases in the average number of basic video and broadband internet RGUs in the Czech Republic, (iv) declines in the average number of fixed-line telephony and enhanced video RGUs in the Czech Republic and (v) an increase in the average number of DTH RGUs.
- (b) The decrease in cable subscription revenue related to a change in ARPU is attributable to the net effect of (i) higher ARPU from video services, primarily in Poland, Hungary and UPC DTH, (ii) lower ARPU from fixed-line telephony services and (iii) lower ARPU from broadband internet services, primarily in Poland.

Programming and Other Direct Costs of Services of our Reportable Segments

Programming and other direct costs of services include programming and copyright costs, mobile access and interconnect costs, mobile handset and other equipment cost of goods sold and other direct costs related to our operations. Programming and copyright costs, which represent a significant portion of our operating costs, are expected to rise in future periods as a result of (i) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, (ii) rate increases and (iii) growth in the number of our enhanced video subscribers.

	Three months ended March 31,		Increase		Organic increase (decrease)
	2017	2016	€	%	%
	in millions				
Switzerland/Austria	€ 53.0	€ 52.5	€ 0.5	1.0	(1.0)
Central and Eastern Europe	64.9	54.7	10.2	18.6	18.2
Total.....	€ 117.9	€ 107.2	€ 10.7	10.0	8.8

Our programming and other direct costs of services increased €10.7 million or 10.0% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This increase includes €0.1 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, our programming and other direct costs of services increased €9.4 million or 8.8%. This increase includes the following factors:

- An increase in programming and copyright costs of €5.8 million or 8.0%, primarily due to (i) higher costs for certain premium and/or basic content, as increases in Hungary, Poland and Romania were only partially offset by lower costs in Switzerland/Austria and (ii) growth in the number of enhanced video subscribers, primarily in Hungary, Romania and Poland. The higher costs for certain premium and/or basic content includes costs of €1.8 million associated with a programming contract that was entered into in June 2016 with retroactive impact to January 1, 2016. Beginning in the third quarter of 2017, we anticipate a significant increase in our programming costs at Switzerland/Austria in connection with the launch of a new channel featuring live sporting events; and
- An increase in mobile access and interconnect costs of €2.7 million or 13.3%, primarily due to the net effect of (i) higher MVNO costs, primarily in Switzerland/Austria and Hungary, and (ii) lower fixed-line telephony call volumes, as a decrease in Switzerland/Austria was only partially offset by an increase in the Czech Republic.

Other Operating Expenses of our Reportable Segments

Other operating expenses include network operations, customer operations, customer care and other costs related to our operations.

	Three months ended March 31,		Increase (decrease)		Organic decrease
	2017	2016	€	%	%
	in millions				
Switzerland/Austria	€ 53.4	€ 54.0	€ (0.6)	(1.1)	(3.7)
Central and Eastern Europe	46.5	46.3	0.2	0.4	(0.2)
Other	—	0.1	(0.1)	(100.0)	N.M.
Total	€ 99.9	€ 100.4	(0.5)	(0.5)	(2.0)

N.M.—Not Meaningful.

Our other operating expenses decreased €0.5 million or 0.5% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This decrease includes an increase of €0.5 million attributable to the impact of an acquisition. Excluding the effects of the acquisition and FX, our other operating expenses decreased €2.0 million or 2.0%. This decrease includes the following factors:

- A decrease in personnel costs of €3.4 million or 9.9%, primarily due to decreased staffing levels in Switzerland/Austria, Poland and Romania;
- An increase in network-related expenses of €2.8 million or 7.3%, due in part to an increase in network maintenance costs, primarily in Romania; and

- A decrease in bad debt and collection expense of €1.5 million or 25.1%, primarily due to decreases in Switzerland/Austria.

SG&A Expenses of our Reportable Segments

SG&A expenses include human resources, information technology, general services, management, finance, legal, external sales and marketing costs, share-based compensation and other general expenses.

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)
	2017	2016	€	%	%
	in millions				
Switzerland/Austria	€ 51.7	€ 52.4	€ (0.7)	(1.3)	(3.0)
Central and Eastern Europe	39.0	39.7	(0.7)	(1.8)	(2.4)
Other	0.6	0.3	0.3	100.0	100.0
Total SG&A expenses excluding share-based compensation expense	91.3	92.4	(1.1)	(1.2)	(2.4)
Share-based compensation expense	1.6	3.6	(2.0)	(55.6)	
Total	€ 92.9	€ 96.0	€ (3.1)	(3.2)	

Our SG&A expenses (exclusive of share-based compensation expense) decreased €1.1 million or 1.2% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This decrease includes €0.2 million, attributable to the impact of the acquisition. Excluding the effects of the acquisition and FX, our SG&A expenses decreased €2.2 million or 2.4%. This decrease includes a decrease in outsourced labor and professional fees of €1.4 million or 33.8%, primarily due to decreases in (i) consulting costs and (ii) legal costs.

Segment OCF of our Reportable Segments

Segment OCF is the primary measure used by our chief operating decision maker to evaluate segment operating performance. For the definition of this performance measure and for a reconciliation of total Segment OCF to our loss before income taxes, see note 11 to the March 31, 2017 Condensed Consolidated Financial Statements.

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)
	2017	2016	€	%	%
	in millions				
Switzerland/Austria	€ 239.7	€ 233.9	€ 5.8	2.5	(0.1)
Central and Eastern Europe	104.4	100.4	4.0	4.0	3.6
Other	(0.6)	(0.4)	(0.2)	50.0	(50.0)
Total	€ 343.5	€ 333.9	€ 9.6	2.9	0.8

Segment OCF Margin

The following table sets forth the Segment OCF margins (Segment OCF divided by revenue) of each of our reportable segments:

	Three months ended March 31,	
	2017	2016
	%	
Switzerland/Austria	60.2	59.6
Central and Eastern Europe	40.9	41.7
Total, including other.....	52.6	52.7

For discussion of the factors contributing to the changes in the Segment OCF margins of our reportable segments, see the above analyses of the revenue and expenses of our reportable segments.

Discussion and Analysis of our Consolidated Operating Results—Three Months Ended March 31, 2017 compared to the Three Months Ended March 31, 2016

Revenue

Our revenue by major category is set forth below:

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)
	2017	2016	€	%	%
	in millions				
Subscription revenue ^(a) :					
Video	€ 303.0	€ 298.6	€ 4.4	1.5	0.1
Broadband internet.....	191.5	188.5	3.0	1.6	0.4
Fixed-line telephony	53.5	56.3	(2.8)	(5.0)	(6.7)
Cable subscription revenue	548.0	543.4	4.6	0.8	(0.5)
Mobile ^(b)	10.5	5.5	5.0	90.9	85.8
Total subscription revenue	558.5	548.9	9.6	1.7	0.3
B2B revenue ^(c)	58.2	52.8	5.4	10.2	5.4
Other revenue ^{(b) (d)}	35.9	32.2	3.7	11.5	10.0
Total	€ 652.6	€ 633.9	€ 18.7	2.9	1.3

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(b) Mobile subscription revenue excludes mobile interconnect revenue of €1.4 million and €0.8 million during the three months ended March 31, 2017 and 2016, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.

(c) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in subscription revenue, aggregated €16.5 million and €13.8 million during the three months ended March 31, 2017 and 2016, respectively. On an organic basis, our total B2B revenue, including revenue from SOHO subscribers, increased 7.7% for the three months ended March 31, 2017, as compared to the corresponding prior-year period. A portion of the increase in our SOHO revenue is attributable to the conversion of our residential subscribers to SOHO subscribers.

(d) Other revenue includes, among other items, installation, channel carriage fee, late fee, interconnect revenue and mobile handset sales.

Total revenue. Our consolidated revenue increased €18.7 million during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This increase includes €1.8 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, our consolidated revenue increased €8.0 million or 1.3%.

Subscription revenue. The details of the change in our consolidated subscription revenue for the three months ended March 31, 2017, as compared to the corresponding period in 2016, are as follows:

	Three-month period
	in millions
Increase (decrease) in cable subscription revenue due to change in:	
Average number of RGUs	€ 15.7
ARPU	(18.6)
Total decrease in cable subscription revenue	(2.9)
Increase in mobile subscription revenue	4.8
Total organic increase in subscription revenue	1.9
Impact of acquisitions	0.4
Impact of FX	7.3
Total	<u>€ 9.6</u>

Excluding the effects of acquisitions and FX, our consolidated cable subscription revenue decreased €2.9 million or 0.5% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This decrease in subscription revenue is attributable to the net effect of (i) a decrease in subscription revenue from fixed-line telephony services of €3.9 million or 6.7%, attributable to the net effect (a) lower ARPU from fixed-line telephony services and (b) increases in the average number of fixed-line telephony RGUs, (ii) an increase in subscription revenue from broadband internet services of €0.8 million or 0.4%, attributable to the net effect of (1) increases in the average number of broadband internet RGUs and (2) lower ARPU from broadband internet services and (iii) an increase in subscription revenue from video services of €0.2 million or 0.1%, attributable to the net effect of (I) higher ARPU from video services and (II) declines in the average number of video RGUs.

Excluding the effects of acquisitions and FX, our consolidated mobile subscription revenue increased €4.8 million or 85.8% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This increase is primarily due to increases in Switzerland.

B2B revenue. Excluding the effects of acquisitions and FX, our consolidated B2B revenue increased €2.9 million or 5.4% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This increase is primarily due to increases in Czech Republic.

Other revenue. Excluding the effects of acquisitions and FX, our consolidated other revenue increased €3.2 million or 10.0% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This increase is primarily attributable to the net effect of (i) an increase of €3.4 million in Switzerland due to the release of unclaimed customer credits and (ii) a decrease in installation revenue, primarily in Switzerland.

For additional information concerning the changes in our subscription, B2B and other revenue, see Discussion and Analysis of our Reportable Segments above. For information regarding the competitive environment in certain of our markets, see Overview and Discussion and Analysis of our Reportable Segments above.

Programming and other direct costs of services

Our programming and other direct costs of services increased €10.7 million during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This increase includes €0.1 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, our programming and

other direct costs of services increased €9.4 million or 8.8%, during the three months ended March 31, 2017, as compared to the corresponding period in 2016. For additional information regarding the changes in our programming and other direct costs of services, see *Discussion and Analysis of our Reportable Segments—Programming and Other Direct Costs of Services of our Reportable Segments* above.

Other operating expenses

Our other operating expenses decreased €0.5 million during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This decrease includes €0.5 million attributable to the impact of an acquisition. Excluding the effects of an acquisition and FX, our other operating expenses decreased €2.0 million or 2.0%, during the three months ended March 31, 2017, as compared to the corresponding period in 2016. For additional information regarding the changes in our other operating expenses, see *Discussion and Analysis of our Reportable Segments—Other Operating Expenses of our Reportable Segments* above.

SG&A expenses

Our SG&A expenses decreased €3.1 million during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This decrease includes €0.2 million attributable to the impact of an acquisition. Our SG&A expenses include share-based compensation expense, which decreased €2.0 million during the three months ended March 31, 2017. Excluding the effects of the acquisition, FX and share-based compensation expense, our SG&A expenses decreased €2.2 million or 2.4% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. 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.

Related-party fees and allocations, net

We recorded related-party fees and allocations, net, of €4.6 million and €0.8 million during the three months ended March 31, 2017 and 2016, respectively. These amounts represent fees charged to UPC Holding that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries. For additional information, see note 9 to the March 31, 2017 Condensed Consolidated Financial Statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased €5.0 million during the three months ended March 31, 2017, as compared to the corresponding period in 2016. Excluding the effects of FX, depreciation and amortization expense increased €4.2 million or 3.0%, 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 and (ii) a decrease associated with certain assets becoming fully depreciated, primarily in Poland and Switzerland.

Impairment, restructuring and other operating items, net

Our impairment, restructuring and other operating items, net, was a charge of €0.8 million and €0.1 million during the three months ended March 31, 2017 and 2016, respectively. The 2017 amount is primarily related to direct acquisition costs in Poland.

Interest expense—third-party

Our third-party interest expense decreased €5.7 million during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This decrease is primarily attributable to the net effect of (i) a lower weighted average interest rate and (ii) a higher average outstanding third-party debt balance. We have completed various refinancing transactions that have lowered average interest rates and extended debt maturities. For additional information regarding our outstanding indebtedness, see note 7 to the March 31, 2017 Condensed Consolidated Financial Statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 4 to the March 31, 2017 Condensed 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 €12.8 million during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This increase is primarily due to an increase in the average outstanding balance of the Shareholder Loan. For additional information, see notes 7 and 9 to the March 31, 2017 Condensed Consolidated Financial Statements.

Realized and unrealized 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 losses on derivative instruments, net, are as follows:

		Three months ended March 31,	
		2017	2016
		in millions	
Cross-currency and interest rate derivative contracts ^(a)	€	(53.6)	€ (194.4)
Foreign currency forward contracts		(1.6)	(1.6)
Other		0.4	(0.2)
Total	€	(54.8)	€ (196.2)

- (a) The loss during the 2017 period is primarily attributable to the net effect of (i) losses associated with an increase in the value of the Polish zloty relative to the euro, (ii) losses associated with a decrease in the U.S. dollar relative to the euro, (iii) losses associated with an increase in the value of the Swiss franc relative to the U.S. dollar and (iv) losses associated with an increase in the market interest rates in the euro and U.S. dollar markets. In addition, the loss during the 2017 period includes a net loss of €5.4 million resulting from changes in our credit risk valuation adjustments. The loss during the 2016 period is primarily attributable to the net effect of (a) losses associated with a decrease in the value of the U.S. dollar relative to the euro, (b) gains associated with decreases in the market interest rates in the U.S. dollar market, (c) losses associated with a decrease in the value of the Swiss franc relative to the U.S. dollar and (d) losses associated with decreases in the market interest rates in the Swiss franc market. In addition, the loss during the 2016 period includes a net gain of €9.3 million resulting from changes in our credit risk valuation adjustments.

For additional information regarding our derivative instruments, see notes 4 and 5 to the March 31, 2017 Condensed Consolidated Financial Statements.

Foreign currency transaction gains, 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, net, are as follows:

		Three months ended March 31,	
		2017	2016
		in millions	
Intercompany payables and receivables denominated in a currency other than the entity's functional currency ^(a)	€	75.9	€ 133.9
U.S. dollar-denominated debt issued by euro functional currency entities		22.8	30.4
Cash and restricted cash denominated in a currency other than the entity's functional currency		(0.5)	0.7
Other		(1.3)	7.6
Total	€	96.9	€ 172.6

(a) Amounts primarily relate to (i) loans between certain of our non-operating and operating subsidiaries, 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 €8.4 million and nil during the three months ended March 31, 2017 and 2016, respectively. The loss during the 2017 period is attributable to (i) the write-off of deferred financing costs of €5.5 million and (ii) the write-off of unamortized discount of €2.9 million.

Income tax expense

We recognized income tax expense of €27.2 million and €10.2 million during the three months ended March 31, 2017 and 2016, respectively.

The income tax expense during the three months ended March 31, 2017 differs from the expected income tax benefit of €23.5 million (based on the Dutch 25.0% income tax rate) primarily due to the impact of (i) certain permanent differences between the financial and tax accounting treatment of interest and other items and (ii) a net increase in valuation allowances.

The income tax expense during the three months ended March 31, 2016 differs from the expected income tax benefit of €34.3 million (based on the Dutch 25.0% income tax rate) primarily due to the impact of a net increase in valuation allowances.

For additional information regarding our income taxes, see note 8 to the March 31, 2017 Condensed Consolidated Financial Statements.

Net loss

During the three months ended March 31, 2017 and 2016, we reported net losses of €121.3 million and €147.3 million, respectively, including (i) operating income of €105.6 million and €113.5 million, respectively, (ii) non-operating expense of €199.7 million and €250.6 million, respectively, and (iii) income tax expense of €27.2 million and €10.2 million, respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments and (ii) movements in foreign currency exchange rates are subject to a high degree of volatility and, as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from operations is largely dependent on our ability to increase our aggregate Segment OCF to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) related-party fees and allocations, net, (c) depreciation and amortization, (d) impairment, restructuring and other operating items, (e) interest expense, (f) other 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 Covenant EBITDA. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information concerning our expectations with respect to trends that may affect certain aspects of our operating results in future periods, see the discussion under Overview above. For information concerning the reasons for changes in specific line items in our condensed consolidated statements of operations, see the discussion under Discussion and Analysis of our Reportable Segments and Discussion and Analysis of our Consolidated Operating Results above.

Net earnings attributable to noncontrolling interests

Net earnings attributable to noncontrolling interests remained relatively unchanged during the three months ended March 31, 2017 and 2016.

Results of Operations—2016 Compared to 2015 and 2015 Compared to 2014

Revenue—2016 compared to 2015

	Year ended December 31,		Increase		Organic increase	
	2016	2015	€	%	%	
	in millions					
Switzerland/Austria	€ 1,586.4	€ 1,584.1	€ 2.3	0.1	1.7	
Central and Eastern Europe	983.4	960.7	22.7	2.4	3.8	
Total	€ 2,569.8	€ 2,544.8	€ 25.0	1.0	2.5	

Switzerland/Austria. The increase in Switzerland/Austria's revenue during 2016, as compared to 2015, includes (i) an organic increase of €26.4 million or 1.7%, (ii) the impact of an acquisition and (iii) the impact of FX, as set forth below:

	Subscription revenue	Non- subscription revenue	Total
	in millions		
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs ^(a)	€ (5.8)	€ —	€ (5.8)
ARPU ^(b)	8.5	—	8.5
Total increase in cable subscription revenue	2.7	—	2.7
Increase in mobile subscription revenue ^(c)	15.1	—	15.1
Total increase in subscription revenue	17.8	—	17.8
Increase in B2B revenue	—	4.1	4.1
Increase in other revenue ^(d)	—	4.5	4.5
Total organic increase	17.8	8.6	26.4
Impact of an acquisition	—	1.5	1.5
Impact of FX	(21.6)	(4.0)	(25.6)
Total	€ (3.8)	€ 6.1	€ 2.3

- (a) The decrease in cable subscription revenue related to a change in the average number of RGUs is primarily attributable to declines in the average numbers of basic video RGUs and, to a much lesser extent, enhanced video RGUs in Switzerland that were mostly offset by increases in the average numbers of fixed-line telephony and broadband internet RGUs.

- (b) The increase in cable subscription revenue related to a change in ARPU is attributable to the net effect of (i) a net increase due to (a) higher ARPU from video and broadband internet services and (b) lower ARPU from fixed-line telephony services and (ii) a slight adverse change in RGU mix, as an adverse change in Austria was mostly offset by an improvement in Switzerland.
- (c) The increase in mobile subscription revenue is due to the net effect of (i) an increase in the average number of mobile subscribers and (ii) lower ARPU primarily due to a decline of €1.4 million in mobile services revenue due to the September 2015 introduction of a Split-contract Program in Switzerland.
- (d) The increase in other revenue is due to the net effect of (i) an increase of €6.8 million in mobile handset sales, which typically generate relatively low or no margins, including an increase of €1.5 million associated with the September 2015 introduction of a Split-contract Program in Switzerland, (ii) an increase in mobile interconnect revenue and (iii) a net decrease resulting from individually insignificant changes in other non-subscription revenue categories.

Central and Eastern Europe. The increase in Central and Eastern Europe's revenue during 2016, as compared to 2015, includes (i) an organic increase of €36.2 million or 3.8%, (ii) the impact of an acquisition and (iii) the impact of FX, as set forth below:

	Subscription revenue	Non- subscription revenue	Total
		in millions	
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs ^(a)	€ 44.3	€ —	€ 44.3
ARPU ^(b)	(20.2)	—	(20.2)
Total increase in cable subscription revenue	24.1	—	24.1
Increase in mobile subscription revenue	3.7	—	3.7
Total increase in subscription revenue	27.8	—	27.8
Increase in B2B revenue	—	3.9	3.9
Increase in other revenue	—	4.5	4.5
Total organic increase	27.8	8.4	36.2
Impact of an acquisition	2.8	0.2	3.0
Impact of FX	(15.4)	(1.1)	(16.5)
Total	€ 15.2	€ 7.5	€ 22.7

- (a) The increase in cable subscription revenue related to a change in the average number of RGUs is primarily attributable to the net effect of (i) increases in the average numbers of fixed-line telephony, broadband internet and enhanced video RGUs in Romania, Hungary, Poland and Slovakia, (ii) a decline in the average number of basic video RGUs in Hungary, Poland, Romania and Slovakia, (iii) increases in the average numbers of basic video and broadband internet RGUs in the Czech Republic, (iv) an increase in the average number of DTH RGUs and (v) declines in the average numbers of fixed-line telephony and enhanced video RGUs in the Czech Republic.
- (b) The decrease in cable subscription revenue related to a change in ARPU is attributable to (i) a net decrease due to (a) lower ARPU from fixed-line telephony and broadband internet services and (b) higher ARPU from video services, primarily in Poland, and (ii) an adverse change in RGU mix, as adverse changes in Romania and the Czech Republic were largely offset by an improvement in Hungary.

Revenue—2015 compared to 2014

	Year ended December 31,		Increase		Organic increase
	2015	2014	€	%	%
	in millions				
Switzerland/Austria	€ 1,584.1	€ 1,390.0	€ 194.1	14.0	2.8
Central and Eastern Europe	960.7	947.8	12.9	1.4	1.3
Total	€ 2,544.8	€ 2,337.8	€ 207.0	8.9	2.2

Switzerland/Austria. The increase in Switzerland/Austria's revenue during 2015, as compared to 2014, includes (i) an organic increase of €39.4 million or 2.8%, (ii) the impact of an acquisition 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)	€ 5.6	€ —	€ 5.6
ARPU ^(b)	12.9	—	12.9
Total increase in cable subscription revenue	18.5	—	18.5
Increase in mobile subscription revenue ^(c)	7.7	—	7.7
Total increase in subscription revenue	26.2	—	26.2
Increase in B2B revenue ^(d)	—	7.0	7.0
Increase in other revenue ^(e)	—	6.2	6.2
Total organic increase	26.2	13.2	39.4
Impact of an acquisition	4.3	(0.3)	4.0
Impact of FX	127.0	23.7	150.7
Total	€ 157.5	€ 36.6	€ 194.1

- (a) The increase in 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 enhanced video RGUs that were primarily offset by a decline in the average number of basic video RGUs.
- (b) The increase in cable subscription revenue related to a change in ARPU is due to an increase in both Switzerland and Austria. The increase in ARPU in Switzerland is attributable to (i) an improvement in RGU mix and (ii) a net increase due to (a) higher ARPU from video services and (b) lower ARPU from fixed-line telephony and broadband internet services. The increase in ARPU in Austria is attributable to the net effect of (1) a net increase due to (I) higher ARPU from video and broadband internet services and (II) lower ARPU from fixed-line telephony services and (2) an adverse change in RGU mix.
- (c) The increase in mobile subscription revenue is primarily due to an increase in the average number of mobile subscribers in Switzerland. Switzerland's mobile services were launched during the second quarter of 2014.
- (d) The increase in B2B revenue is primarily due to a net increase in Switzerland from (i) higher revenue from voice and data services and (ii) lower revenue from construction services and equipment sales.
- (e) The increase in other revenue is due to the net effect of (i) an increase in mobile handset sales, which typically generate relatively low margins, (ii) a decrease in revenue from Austria's non-cable subscriber base and (iii) a net increase resulting from individually insignificant changes in other non-subscription revenue categories.

Central and Eastern Europe. The increase in Central and Eastern Europe's revenue during 2015, as compared to 2014, includes (i) an organic increase of €12.2 million or 1.3% and (ii) the impact of FX, as set forth below:

	Subscription revenue	Non- subscription revenue	Total
	in millions		
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs ^(a)	€ 28.4	—	€ 28.4
ARPU ^(b)	(21.6)	—	(21.6)
Total increase in cable subscription revenue	6.8	—	6.8
Increase in mobile subscription revenue	1.3	—	1.3

Total increase in subscription revenue.....	8.1	—	8.1
Increase in B2B revenue	—	3.2	3.2
Increase in other revenue	—	0.9	0.9
Total organic increase.....	8.1	4.1	12.2
Impact of FX.....	0.9	(0.2)	0.7
Total	€ 9.0	3.9	€ 12.9

- (a) The increase in 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 enhanced video, broadband internet and fixed-line telephony RGUs in Romania, Poland, Hungary and Slovakia, (ii) a decline in the average number of basic video RGUs in Poland, Hungary, Romania and Slovakia, (iii) an increase in the average number of DTH RGUs, (iv) declines in the average numbers of fixed-line telephony and enhanced video RGUs in the Czech Republic and (v) increases in the average numbers of basic video and broadband internet RGUs in the Czech Republic.
- (b) The decrease in cable subscription revenue related to a change in ARPU is attributable to the net effect of (i) a net decrease due to (a) lower ARPU from fixed-line telephony services, (b) lower ARPU from broadband internet services, primarily in Poland, and (c) higher ARPU from video services, primarily in Poland and Romania, and (ii) an improvement in RGU mix. In addition, the decline in ARPU includes the impact of a January 1, 2015 change in how VAT is calculated for UPC DTH's operations in Hungary, the Czech Republic and Slovakia, which reduced UPC DTH's revenue by €12.3 million.

Programming and Other Direct Costs of Services of our Reportable Segments

Programming and other direct costs of services—2016 compared to 2015

	Year ended December 31,		Increase		Organic increase
	2016	2015	€	%	%
	in millions				
Switzerland/Austria	€ 221.6	€ 213.5	€ 8.1	3.8	5.4
Central and Eastern Europe	230.1	211.0	19.1	9.1	10.5
Total	€ 451.7	€ 424.5	€ 27.2	6.4	8.0

Our programming and other direct costs of services increased €27.2 million or 6.4% during 2016, as compared to 2015. This increase includes €1.2 million attributable to the impact of acquisitions. Excluding the effects of the acquisitions and FX, our programming and other direct costs of services increased €3.9 million or 8.0%. This increase includes the following factors:

- An increase in mobile access and interconnect costs of €17.9 million or 24.0%, primarily due to (i) higher mobile usage in Switzerland/Austria and (ii) an increase of €3.5 million related to the settlement of an operational contingency during the third quarter of 2015;
- An increase in mobile handset costs of €6.6 million, primarily due to higher mobile handset sales volume, attributable to increases in the number of handsets sold in Switzerland/Austria; and
- An increase in programming and copyright costs of €6.2 million or 2.1%, primarily due to the net effect of (i) higher costs for certain premium and/or basic content, including costs of €3.6 million associated with a new Europe-wide programming contract that was entered into in June 2016 with retroactive impact to January 1, 2016, (ii) growth in the number of enhanced video subscribers, primarily in Hungary, Romania and Poland and (iii) an increase of €1.9 million resulting from adjustments related to the settlement or reassessment of operational contingencies that was recorded in Switzerland/Austria in the first quarter of 2015.

Programming and other direct costs of services—2015 compared to 2014

	Year ended December 31,		Increase		Organic increase
	2015	2014	€	%	%
	in millions				
Switzerland/Austria	€ 213.5	€ 185.8	€ 27.7	14.9	3.9
Central and Eastern Europe	211.0	190.1	20.9	11.0	11.0
Total.....	€ 424.5	€ 375.9	€ 48.6	12.9	7.5

Our programming and other direct costs of services increased €48.6 million or 12.9% during 2015, as compared to 2014. This increase includes €1.0 million attributable to the impact of an acquisition. Excluding the effects of the acquisition and FX, our programming and other direct costs of services increased €28.3 million or 7.5%. This increase includes the following factors:

- An increase in programming and copyright costs of €20.6 million or 7.9%, predominately due to higher costs for certain premium content and growth in the numbers of enhanced video subscribers in Hungary, Poland and Romania. The increase in programming and copyright costs also includes a €5.9 million net adverse impact of certain nonrecurring adjustments related to the settlement or reassessment of operational contingencies. These nonrecurring adjustments include (i) a €1.9 million benefit in Switzerland/Austria that was recorded during the first quarter of 2015, (ii) a €5.3 million benefit in Poland that was recorded during the first quarter of 2014 and (iii) a €2.5 million benefit in Switzerland/Austria that was recorded during the third quarter of 2014;
- An increase in mobile handset costs of €3.9 million, due to increases in mobile handset sales to third-party retailers in Hungary and Switzerland/Austria; and
- An increase in mobile access and interconnect costs of €3.5 million or 6.1%, primarily due to the net effect of (i) increases in fixed-line telephony call volumes in Switzerland/Austria and Poland and (ii) a decrease of €3.1 million in Switzerland/Austria related to the settlement of an operational contingency during the third quarter of 2015.

Other Operating Expenses of our Reportable Segments

Other Operating Expenses—2016 compared to 2015

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2016	2015	€	%	%
	in millions				
Switzerland/Austria	€ 203.2	€ 227.7	(24.5)	(10.8)	(9.6)
Central and Eastern Europe	176.2	175.5	0.7	0.4	1.3
Other.....	0.1	0.1	—	N.M.	N.M.
Total other operating expenses excluding share-based compensation expense	379.5	403.3	(23.8)	(5.9)	(4.9)
Share-based compensation expense	—	0.1	(0.1)	N.M.	
Total.....	€ 379.5	€ 403.4	€ (23.9)	(5.9)	

N.M.—Not Meaningful.

Our other operating expenses (exclusive of share-based compensation expense) decreased €23.8 million or 5.9% during 2016, as compared to 2015. This decrease includes an increase of €1.0 million

attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, our other operating expenses decreased €19.6 million or 4.9%. This decrease includes the following factors:

- A decrease in personnel costs of €17.1 million or 12.4%, primarily due to decreased staffing levels in Switzerland/Austria, Hungary, Poland and Romania. The decreases in Hungary, Poland and Romania are primarily attributable to the outsourcing of certain maintenance contracts;
- An increase in network-related expenses of €6.4 million or 4.2%, primarily due to (i) higher network maintenance costs, as increases in Hungary, Poland and Romania were only partially offset by decreases in Switzerland/Austria and (ii) higher duct and pole rental fees, primarily in Romania;
- A decrease in bad debt and collection expenses of €3.0 million or 13.1%, primarily related to declines in Hungary and Switzerland/Austria that were only partially offset by increases in Poland;
- A decrease in vehicle expense of €2.3 million or 36.8%, primarily related to lower costs for company vehicles in Switzerland/Austria, Hungary, Poland and Romania due largely to fewer vehicles and the impact of the conversion of certain operating leases to capital leases; and
- A decrease in outsourced labor and professional fees of €1.4 million or 4.6%, primarily due to the net effect of (i) a decrease in call center costs in Switzerland/Austria and (ii) higher consulting costs in Switzerland/Austria.

Other Operating Expenses—2015 compared to 2014

	Year ended December 31,		Increase (decrease)		Organic decrease
	2015	2014	€	%	%
	in millions				
Switzerland/Austria	€ 227.7	€ 220.6	€ 7.1	3.2	(6.1)
Central and Eastern Europe	175.5	186.0	(10.5)	(5.6)	(5.7)
Other	0.1	—	0.1	N.M.	N.M.
Total other operating expenses excluding share-based compensation expense	403.3	406.6	(3.3)	(0.8)	(5.9)
Share-based compensation expense	0.1	—	0.1	N.M.	
Total	€ 403.4	€ 406.6	€ (3.2)	(0.8)	

N.M.—Not Meaningful.

Our other operating expenses (exclusive of share-based compensation expense) decreased €3.3 million or 0.8% during 2015, as compared to 2014. Excluding the effects of FX, our other operating expenses decreased €23.9 million or 5.9%. This decrease includes the following factors:

- A decrease in personnel costs of €0.7 million or 7.7%, largely due to decreased staffing levels in Switzerland/Austria associated with the integration of our businesses in Switzerland/Austria;
- A decrease in network-related expenses of €5.5 million or 3.5%, largely due to decreased maintenance costs in Switzerland/Austria; and
- A decrease in bad debt and collection expense of €3.7 million or 15.2%, primarily due to the net effect of (i) decreases in Poland and Switzerland/Austria and (ii) increases in Romania and the Czech Republic.

SG&A Expenses of our Reportable Segments

SG&A expenses—2016 compared to 2015

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2016	2015	€	%	%
	in millions				
Switzerland/Austria	€ 194.9	€ 205.7	€ (10.8)	(5.3)	(4.2)
Central and Eastern Europe	150.6	147.1	3.5	2.4	3.8
Other	1.6	1.4	0.2	14.3	14.3
Total SG&A expenses excluding share-based compensation expense	347.1	354.2	(7.1)	(2.0)	(0.8)
Share-based compensation expense	17.0	12.0	5.0	41.7	
Total	€ 364.1	€ 366.2	€ (2.1)	(0.6)	

Our SG&A expenses (exclusive of share-based compensation expense) decreased €7.1 million or 2.0% during 2016, as compared to 2015. This decrease includes €0.5 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, SG&A expenses decreased €2.7 million or 0.8%. This decrease includes the following factors:

- An increase in personnel costs of €6.8 million or 4.1%, primarily due to increased staffing levels in Switzerland/Austria, Poland, Romania and Hungary;
- A decrease in external sales and marketing costs of €5.1 million or 5.0%, primarily due to lower costs associated with advertising campaigns in Switzerland/Austria; and
- A net decrease resulting from individually insignificant changes in other SG&A expense categories.

SG&A expenses—2015 compared to 2014

	Year ended December 31,		Increase		Organic increase (decrease)
	2015	2014	€	%	%
	in millions				
Switzerland/Austria	€ 205.7	€ 188.8	€ 16.9	9.0	(1.1)
Central and Eastern Europe	147.1	133.3	13.8	10.4	10.3
Other	1.4	0.9	0.5	55.6	55.6
Total SG&A expenses excluding share-based compensation expense	354.2	323.0	31.2	9.7	3.7
Share-based compensation expense	12.0	5.4	6.6	122.2	
Total	€ 366.2	€ 328.4	€ 37.8	11.5	

Our SG&A expenses (exclusive of share-based compensation expense) increased €31.2 million or 9.7% during 2015, as compared to 2014. This increase includes €0.1 million attributable to the impact of an acquisition. Excluding the effects of the acquisition and FX, SG&A expenses increased €12.1 million or 3.7%. This increase includes the following factors:

- An increase in personnel costs of €4.5 million or 3.0%, primarily due to increased staffing levels in Switzerland/Austria and Poland;
- A decrease in outsourced labor and professional fees of €1.6 million or 7.5%, primarily due to lower consulting costs related to integration activities in Switzerland/Austria;
- An increase in information technology-related expenses of €1.2 million or 17.5%, primarily due to higher software and other information technology-related maintenance costs in Switzerland/Austria;
- An increase in external sales and marketing costs of €0.7 million or 0.8%, largely due to higher costs associated with advertising campaigns, primarily related to the net impact of increases in Hungary, Romania and the Czech Republic that were only partially offset by a decrease in Switzerland/Austria; and
- A net increase resulting from individually insignificant changes in other SG&A expense categories.

Segment OCF of our Reportable Segments

Segment OCF—2016 compared to 2015

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2016	2015	€	%	%
	in millions				
Switzerland/Austria	€ 966.7	€ 937.2	€ 29.5	3.1	4.8
Central and Eastern Europe	426.5	427.1	(0.6)	(0.1)	1.4
Other	(1.7)	(1.5)	(0.2)	(13.3)	(13.3)
Total	€ 1,391.5	€ 1,362.8	€ 28.7	2.1	3.7

Segment OCF—2015 compared to 2014

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2015	2014	€	%	%
	in millions				
Switzerland/Austria	€ 937.2	€ 794.8	€ 142.4	17.9	6.0
Central and Eastern Europe	427.1	438.4	(11.3)	(2.6)	(2.7)
Other	(1.5)	(0.9)	(0.6)	(66.7)	(66.7)
Total	€ 1,362.8	€ 1,232.3	€ 130.5	10.6	2.8

Segment OCF Margin—2016, 2015 and 2014

The following table sets forth the Segment OCF margins (Segment OCF divided by revenue) of each of our reportable segments:

Year ended December 31,		
2016	2015	2014

		%	
Switzerland/Austria	60.9	59.2	57.2
Central and Eastern Europe	43.3	44.4	46.3
Total, including other.....	54.1	53.6	52.7

For discussion of the factors contributing to the changes in the Segment OCF 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—2016 Compared to 2015 and 2015 Compared to 2014

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.

2016 compared to 2015

Revenue

Our revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2016	2015	€	%	%
	in millions				
Subscription revenue ^(a) :					
Video	€ 1,202.1	€ 1,200.7	€ 1.4	0.1	1.8
Broadband internet.....	752.3	742.2	10.1	1.4	2.7
Fixed-line telephony	220.2	238.6	(18.4)	(7.7)	(6.0)
Cable subscription revenue	2,174.6	2,181.5	(6.9)	(0.3)	1.2
Mobile ^(b)	30.7	12.4	18.3	147.6	151.9
Total subscription revenue	2,205.3	2,193.9	11.4	0.5	2.1
B2B revenue ^(c)	225.0	218.6	6.4	2.9	3.6
Other revenue ^{(b) (d)}	139.5	132.3	7.2	5.4	6.8
Total revenue	€ 2,569.8	€ 2,544.8	€ 25.0	1.0	2.5

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(b) Mobile subscription revenue excludes mobile interconnect revenue of €5.0 million and €1.7 million during 2016 and 2015, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.

(c) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in subscription revenue, aggregated €58.0 million and €49.5 million during 2016 and 2015, respectively. On an organic basis, our total B2B revenue, including revenue from SOHO subscribers, increased 6.3% during 2016 as compared to 2015. A portion of the increase in our SOHO revenue is attributable to the conversion of our residential subscribers to SOHO subscribers.

- (d) Other revenue includes, among other items, installation, channel carriage fee, late fee, mobile handset sales and interconnect revenue.

Total revenue. Our consolidated revenue increased €25.0 million during 2016, as compared to 2015. This increase includes €4.5 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, our consolidated revenue increased €62.6 million or 2.5%.

Subscription revenue. The details of the change in our consolidated subscription revenue for 2016, as compared to 2015, is as follows (in millions):

Increase (decrease) in cable subscription revenue due to change in:

Average number of RGUs	€	72.3
ARPU		(45.5)
Total increase in cable subscription revenue.....		26.8
Increase in mobile subscription revenue		18.8
Total increase in subscription revenue.....		45.6
Impact of acquisitions.....		2.8
Impact of FX.....		(37.0)
Total.....	€	11.4

Excluding the effects of acquisitions and FX, our consolidated cable subscription revenue increased €26.8 million or 1.2% during 2016, as compared to 2015. This increase in subscription revenue is attributable to the net effect of (i) an increase in subscription revenue from video services of €21.1 million or 1.8%, attributable to the net effect of (a) higher ARPU from video services and (b) a decline in the average number of video RGUs, (ii) an increase in subscription revenue from broadband internet services of €20.0 million or 2.7%, attributable to the net effect of (1) an increase in the average number of broadband internet RGUs and (2) lower ARPU from broadband internet services and (iii) a decrease in subscription revenue from fixed-line telephony services of €14.3 million or 6.0%, attributable to the net effect of (I) lower ARPU from fixed-line telephony services and (II) an increase in the average number of fixed-line telephony RGUs.

Excluding the effects of acquisitions and FX, our consolidated mobile subscription revenue increased €18.8 million or 151.9% during 2016, as compared to 2015. This increase is primarily due to increases in Switzerland and Hungary.

B2B revenue. Excluding the effects of acquisitions and FX, our consolidated B2B revenue increased €8.0 million or 3.6% during 2016, as compared to 2015. This increase is primarily due to increases in Switzerland, Czech Republic and Romania.

Other revenue. Excluding the effects of acquisitions and FX, our consolidated other revenue increased €9.0 million or 6.8% during 2016, as compared to 2015. This increase is primarily attributable to an increase in mobile handset sales, including an increase associated with the continued growth of the Split-contract Program in Switzerland.

For additional information concerning the changes in our subscription, B2B and other revenue, see *Discussion and Analysis of our Reportable Segments—Revenue—2016 compared to 2015* above. For information regarding the competitive environment in certain of our markets, see Overview above.

Programming and other direct costs of services

Our programming and other direct costs of services increased €27.2 million during 2016, as compared to 2015. This increase includes €1.2 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, our programming and other direct costs of services increased €33.9 million or 8.0% during 2016, as compared to 2015. For additional information regarding the changes in our programming and other direct costs of services, see *Discussion and Analysis of our Reportable Segments—Programming and Other Direct Costs of Services of our Reportable Segments—2016 compared to 2015* above.

Other operating expenses

Our other operating expenses decreased €23.9 million during 2016, as compared to 2015. This decrease includes €1.0 million attributable to the impact of acquisitions. Our other operating expenses include share-based compensation expense, which was insignificant during 2016 and 2015. Excluding the effects of acquisitions, FX and share-based compensation expense, our other operating expenses decreased €19.6 million or 4.9% during 2016, as compared to 2015. For additional information regarding the changes in our other operating expenses, see Discussion and Analysis of our Reportable Segments—Other Operating Expenses of our Reportable Segments—2016 compared to 2015 above.

SG&A expenses

Our SG&A expenses decreased €2.1 million during 2016, as compared to 2015. This decrease includes €0.5 million attributable to the impact of acquisitions. Our SG&A expenses include share-based compensation expense, which increased €5.0 million during 2016. 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 decreased €2.7 million or 0.8% during 2016, as compared to 2015. 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—2016 compared to 2015 above.

Share-based compensation expense (included in other 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 that is included in our other operating and SG&A expenses is set forth below:

	Year ended December 31,			
	2016		2015	
	in millions			
Performance-based incentive awards.....	€	7.6	€	4.8
Other share-based incentive awards.....		9.4		7.3
Total.....	€	17.0	€	12.1
Included in:				
Other operating expense	€	—	€	0.1
SG&A expense		17.0		12.0
Total.....	€	17.0	€	12.1

Related-party fees and allocations, net

We recorded related-party fees and allocations, net, of €341.0 million during 2016, as compared to €293.1 million during 2015. These amounts represent fees charged to UPC Holding that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries. For additional information, see note 11 to the December 31, 2016 Consolidated Financial Statements.

Depreciation and amortization expense

Our depreciation and amortization expense decreased €23.7 million during 2016, as compared to 2015. Excluding the effects of FX, depreciation and amortization expense decreased €14.0 million or 2.6%. This decrease is primarily due to the net effect of (i) a decrease associated with certain assets becoming fully depreciated, primarily in Switzerland/Austria and (ii) 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.

Impairment, restructuring and other operating items, net

Our impairment, restructuring and other operating items, net, was a charge of €5.3 million and €5.0 million during 2016 and 2015, respectively. The 2016 amount is primarily related to restructuring charges in Hungary, the Czech Republic and Slovakia. The 2015 amount is primarily related to restructuring charges associated with reorganization and integration activities in Switzerland/Austria.

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 €1.3 million during 2016, as compared to 2015. This decrease is primarily attributable to (i) a lower average outstanding debt balance and (ii) a lower weighted average interest rate mainly related to the refinancing transactions completed during the first quarter of 2015. For additional information regarding our outstanding indebtedness, see note 8 to the December 31, 2016 Consolidated Financial Statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 5 to the December 31, 2016 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 decreased €5.4 million during 2016, as compared to 2015. This decrease is primarily due to a decrease in the average outstanding balance of the Shareholder Loan, mainly related to the refinancing transactions completed during the first quarter of 2015. For additional information, see note 11 to the December 31, 2016 Consolidated Financial Statements.

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

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

		Year ended December 31,	
		2016	2015
		in millions	
Cross-currency and interest rate derivative contracts ^(a)	€	(22.7)	€ (41.3)
Foreign currency forward contracts		(5.3)	(1.8)
Other		(0.9)	0.8
Total	€	(28.9)	€ (42.3)

- (a) The loss during 2016 is primarily attributable to the net effect of (i) gains associated with increases in the market interest rates in the Swiss franc and Polish zloty markets, (ii) gains associated with an increase in the value of the U.S. dollar relative to the euro, (iii) losses associated with an increase in the market interest rates in the U.S. dollar market, (iv) gains associated with a decrease in the value of the Polish zloty relative to the euro and (v) losses associated with an increase in the value of the Swiss franc relative to the euro. In addition, the loss during 2016 includes a net loss of €18.5 million resulting from changes in our credit risk valuation adjustments. The loss during 2015 is primarily attributable to the net effect of (a) losses associated with an increase in the value of the Swiss franc relative to the euro, (b) gains associated with increases in the value of the U.S. dollar and Hungarian forint relative to the euro, (c) losses associated with decreases in market interest rates in the Swiss franc market and (d) gains associated with decreases in the market interest rates in the U.S. dollar market. In addition, the loss during 2015 includes a net gain of €26.6 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, 2016 Consolidated Financial Statements.

Foreign currency transaction losses, net

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

	Year ended December 31,	
	2016	2015
	in millions	
U.S. dollar denominated debt issued by euro functional currency entities.....	€ (80.9)	€ (164.9)
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a)	(40.1)	(74.4)
Cash and restricted cash denominated in a currency other than the entity's functional currency	7.1	30.0
Other	(3.9)	(6.7)
Total.....	€ (117.8)	€ (216.0)

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

Losses on debt modification and extinguishment, net

We recognized a loss on debt modification and extinguishment, net, of €70.3 million during 2016. The loss during 2016 is attributable to (i) the payment of €52.3 million of redemption premium, (ii) the write-off of €14.8 million of deferred financing costs and (iii) the write-off of €3.2 million of unamortized discount.

We recognized a loss on debt modification and extinguishment, net, of €183.9 million during 2015. The loss during 2015 is attributable to (i) the payment of €149.2 million of redemption premium, (ii) the write-off of €30.5 million of deferred financing costs and (iii) the write-off of €4.2 million of unamortized discount.

For additional information concerning our losses on debt modification and extinguishment, net, see note 8 to the December 31, 2016 Consolidated Financial Statements.

Income tax expense

We recognized income tax expense of €57.3 million and €85.5 million during 2016 and 2015, respectively.

The income tax expense during 2016 and 2015 differs from the expected income tax benefit of €155.5 million and €228.8 million, respectively, (based on the Dutch 25.0% income tax rate) primarily due to the negative impact of (i) a net increase in valuation allowances and (ii) certain permanent differences between the financial and tax accounting treatment of interest and other items.

For additional information concerning our income taxes, see note 9 to the December 31, 2016 Consolidated Financial Statements.

Net loss

During 2016 and 2015, we reported net losses of €679.3 million and €1,000.8 million, respectively, including (i) operating income of €479.8 million and €480.5 million, respectively, (ii) net non-operating expense of €1,101.8 million and €1,395.8 million, respectively, and (iii) income tax expense of €57.3 million and €85.5 million, respectively.

Net earnings attributable to noncontrolling interests

Net earnings attributable to noncontrolling interests increased €1.0 million during 2016, as compared to 2015. This increase is primarily attributable to the results of operations of Austria.

2015 compared to 2014

Revenue

Our revenue by major category is set forth below:

	Year ended December 31,		Increase		Organic increase (decrease)
	2015	2014	€	%	%
	in millions				
Subscription revenue ^(a)					
Video	€ 1,200.7	€ 1,123.3	€ 77.4	6.9	0.5
Broadband internet.....	742.2	666.4	75.8	11.4	5.0
Fixed-line telephony	238.6	235.9	2.7	1.1	(5.9)
Cable subscription revenue	2,181.5	2,025.6	155.9	7.7	1.2
Mobile ^(b)	12.4	1.8	10.6	588.9	502.6
Total subscription revenue	2,193.9	2,027.4	166.5	8.2	1.7
B2B revenue ^(c)	218.6	193.4	25.2	13.0	5.3
Other revenue ^{(b) (d)}	132.3	117.0	15.3	13.1	5.9
Total revenue	€ 2,544.8	€ 2,337.8	€ 207.0	8.9	2.2

- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) Mobile subscription revenue excludes mobile interconnect revenue of €1.7 million and €0.1 million during 2015 and 2014, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.
- (c) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in cable subscription revenue, aggregated €49.5 million and €40.6 million during 2015 and 2014, respectively. On an organic basis, our total B2B revenue, including revenue from SOHO subscribers, increased 7.6% during 2015 as compared to 2014.
- (d) Other revenue includes, among other items, installation, channel carriage fee, late fee, mobile handset sales and interconnect revenue.

Total revenue. Our consolidated revenue increased €207.0 million during 2015, as compared to 2014. This increase includes €4.0 million attributable to the impact of an acquisition. Excluding the effects of the acquisition and FX, our consolidated revenue increased €1.6 million or 2.2%.

Subscription revenue. The details of the change in our consolidated subscription revenue for 2015, as compared to 2014, is as follows (in millions):

Increase (decrease) in cable subscription revenue due to change in:

Average number of RGUs	€ 34.0
ARPU	(8.7)

Total increase in cable subscription revenue.....	25.3
Increase in mobile subscription revenue.....	9.0
Total increase in subscription revenue.....	34.3
Impact of an acquisition.....	4.3
Impact of FX.....	127.9
Total.....	€ 166.5

Excluding the effects of an acquisition and FX, our consolidated cable subscription revenue increased €25.3 million or 1.2% during 2015, as compared to 2014. This increase in subscription revenue is attributable to the net effect of (i) an increase in subscription revenue from broadband internet services of €33.2 million or 5.0%, attributable to the net effect of (a) an increase in the average number of broadband internet RGUs and (b) lower ARPU from broadband internet services, (ii) a decrease in subscription revenue from fixed-line telephony services of €13.8 million or 5.9%, attributable to the net effect of (1) lower ARPU from fixed-line telephony services and (2) an increase in the average number of fixed-line telephony RGUs and (iii) an increase in subscription revenue from video services of €5.9 million or 0.5%, attributable to the net effect of (I) higher ARPU from video services and (II) a decrease in the average number of video RGUs.

Excluding the effects of an acquisition and FX, our consolidated mobile subscription revenue increased €9.0 million or 502.6% during 2015, as compared to 2014. This increase is primarily due to increases in Switzerland and Hungary.

B2B revenue. Excluding the effects of an acquisition and FX, our consolidated B2B revenue increased €10.2 million or 5.3% during 2015, as compared to 2014. This increase is primarily due to the net effect of (i) increases in Switzerland and Poland and (ii) a decrease in Hungary.

Other revenue. Excluding the effects of an acquisition and FX, our consolidated other revenue increased €7.1 million or 5.9% during 2015, as compared to 2014. This increase is primarily attributable to the net effect of (i) an increase in mobile handset sales, primarily in Hungary and Switzerland, (ii) a decrease in revenue from Austria's non-cable subscriber base, (iii) a decrease in installation revenue and (iv) a decrease in fixed-line interconnect revenue.

For additional information concerning the changes in our subscription, B2B and other revenue, see *Discussion and Analysis of our Reportable Segments—Revenue—2015 compared to 2014* above.

Programming and other direct costs of services

Our programming and other direct costs of services increased €48.6 million during 2015, as compared to 2014. This increase is net of a €1.0 million attributable to the impact of an acquisition. Excluding the effects of acquisitions and FX, our programming and other direct costs of services increased €28.3 million or 7.5% during 2015, as compared to 2014. For additional information regarding the changes in our programming and other direct costs of services, see *Discussion and Analysis of our Reportable Segments—Programming and Other Direct Costs of Services of our Reportable Segments—2015 compared to 2014* above.

Other operating expenses

Our other operating expenses decreased €3.2 million during 2015, as compared to 2014. Our other operating expenses include share-based compensation expense, which was insignificant during 2015 and 2014. Excluding the effects of FX and share-based compensation expense, our other operating expenses decreased €23.9 million or 5.9% during 2015, as compared to 2014. For additional information regarding the changes in our other operating expenses, see *Discussion and Analysis of our Reportable Segments—Other Operating Expenses of our Reportable Segments—2015 compared to 2014* above.

SG&A expenses

Our SG&A expenses increased €37.8 million during 2015, as compared to 2014. This increase includes €0.1 million attributable to the impact of an acquisition. Our SG&A expenses include share-based compensation expense, which increased €6.6 million during 2015. For additional information, see the discussion in the

following paragraph. Excluding the effects of the acquisition, FX and share-based compensation expense, our SG&A expenses increased €12.1 million or 3.7% during 2015, as compared to 2014. 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—2015 compared to 2014* above.

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

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

	Year ended December 31,	
	2015	2014
	in millions	
Liberty Global shares:		
Performance-based incentive awards	€ 4.8	€ 2.7
Other share-based incentive awards	7.3	2.6
Total Liberty Global shares	12.1	5.3
Other	—	0.1
Total	€ 12.1	€ 5.4
Included in:		
Other operating expense	€ 0.1	€ —
SG&A expense	12.0	5.4
Total	€ 12.1	€ 5.4

Related-party fees and allocations, net

We recorded related-party fees and allocations, net, of €293.1 million during 2015, as compared to €13.2 million during 2014. These amounts represent fees charged to UPC Holding that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries. For additional information, see note 11 to the December 31, 2016 Consolidated Financial Statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased €47.2 million during 2015, as compared to 2014. Excluding the effects of FX, depreciation and amortization expense increased €13.4 million or 2.6%. 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, primarily in Switzerland/Austria, Poland, Slovakia and the Czech Republic and (iii) a decrease associated with fully amortized customer relationships, primarily in Switzerland/Austria.

Impairment, restructuring and other operating items, net

Our impairment, restructuring and other operating items, net, was a charge (credit) of €5.0 million and (€3.3 million) during 2015 and 2014, respectively. The 2015 amount is primarily related to restructuring charges associated with reorganization and integration activities in Switzerland/Austria.

Interest expense—third-party

Our third-party interest expense decreased €140.4 million during 2015, as compared to 2014. This decrease is primarily attributable to lower average outstanding debt balances, mainly related to the refinancing transactions completed during the first quarter of 2015. For additional information regarding our outstanding indebtedness, see note 8 to the December 31, 2016 Consolidated Financial Statements.

Interest expense—related-party

Our related-party interest expense primarily relates to the interest expense on the Shareholder Loan and, during 2014, interest expense on certain other related-party loans that were settled during the first quarter of 2015. Our related-party interest expense decreased €460.1 million during 2015, as compared to 2014. This decrease is primarily due to a decrease in the average outstanding balance of the Shareholder Loan, mainly related to the refinancing transactions completed during the first quarter of 2015. For additional information, see note 11 to the December 31, 2016 Consolidated Financial Statements.

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

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

	Year ended December 31,	
	2015	2014
	in millions	
Cross-currency and interest rate derivative contracts ^(a)	€ (41.3)	€ 92.6
Foreign currency forward contracts	(1.8)	10.5
Other	0.8	—
Total	€ (42.3)	€ 103.1

- (a) The loss during 2015 is primarily attributable to the net effect of (i) losses associated with an increase in the value of the Swiss franc relative to the euro, (ii) gains associated with increases in the value of the U.S. dollar and Hungarian forint relative to the euro, (iii) losses associated with decreases in market interest rates in the Swiss franc market and (iv) gains associated with decreases in the market interest rates in the U.S. dollar market. In addition, the loss during 2015 includes a net gain of €26.6 million resulting from changes in our credit risk valuation adjustments. The gain during 2014 is primarily attributable to the net effect of (a) gains associated with increases in market interest rates in the Swiss franc and euro markets, (b) losses associated with increases in market interest rates in the U.S. dollar market, (c) 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 (d) losses associated with increases in the values of the euro and Swiss franc relative to the U.S. dollar. In addition, the gain during 2014 includes a net loss of €47.7 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, 2016 Consolidated Financial Statements.

Foreign currency transaction losses, net

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

	Year ended December 31,	
	2015	2014
	in millions	
U.S. dollar denominated debt issued by euro functional currency entities.....	€ (164.9)	€ (137.8)
Intercompany payables and receivables denominated in a currency other than the entity's functional currency ^(a)	(74.4)	(300.7)
Cash and restricted cash denominated in a currency other than the entity's functional currency	30.0	4.4
Other	(6.7)	(3.0)
Total	€ (216.0)	€ (437.1)

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

Losses on debt modification and extinguishment, net

We recognized a loss on debt modification and extinguishment, net, of €183.9 million during 2015. The loss during 2015 is attributable to (i) the payment of €149.2 million of redemption premium, (ii) the write-off of €30.5 million of deferred financing costs and (iii) the write-off of €4.2 million of unamortized discount.

We recognized a loss on debt modification and extinguishment, net, of €42.0 million during 2014. The loss during 2014 is attributable to (i) the write-off of €16.0 million of unamortized discount, (ii) the payment of €14.3 million of redemption premium and (iii) the write-off of €1.7 million of deferred financing costs.

For additional information concerning our losses on debt modification and extinguishment, net, see note 8 to the December 31, 2016 Consolidated Financial Statements.

Income tax expense

We recognized income tax expense of €85.5 million and €89.9 million during 2015 and 2014, respectively.

The income tax expense during 2015 and 2014 differs from the expected income tax benefit of €228.8 million and €317.3 million, respectively, (based on the Dutch 25.0% income tax rate) primarily due to the negative impact of (i) a net increase in valuation allowances and (ii) certain permanent differences between the financial and tax accounting treatment of interest and other items.

For additional information concerning our income taxes, see note 9 to the December 31, 2016 Consolidated Financial Statements.

Net loss

During 2015 and 2014, we reported net losses of €1,000.8 million and €1,359.0 million, respectively, including (i) operating income of €480.5 million and €492.1 million, respectively, (ii) net non-operating expense of €1,395.8 million and €1,761.2 million, respectively, and (iii) income tax expense of €85.5 million and €89.9 million, respectively.

Net earnings attributable to noncontrolling interests

Net earnings attributable to noncontrolling interests increased €2.5 million during 2015, as compared to 2014. This increase is primarily attributable to the results of operations of UMI, which we began consolidating on January 1, 2015.

Material Changes in Financial Condition

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 liquidity of these subsidiaries. These subsidiaries accounted for substantially all of our €14.7 million of consolidated cash and cash equivalents at March 31, 2017. 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.

UPC Holding's corporate liquidity requirements include (i) corporate general and administrative expenses and (ii) interest payments on the Existing Notes. From time to time, UPC Holding may also require cash in connection with (a) the repayment of third-party and related-party 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 9 to the March 31, 2017 Condensed 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 March 31, 2017, see note 7 to the March 31, 2017 Condensed Consolidated Financial Statements. Our subsidiaries' liquidity generally is used to fund property and equipment additions, debt service requirements and payments required by UPC Holding's derivative instruments. From time to time, our subsidiaries may also require liquidity 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 *Condensed Consolidated Statements of Cash Flows* below.

Capitalization

When it is cost effective, we generally seek to match the denomination of the borrowings of our subsidiaries with the functional currency of the operations that are supporting the respective borrowings. As further discussed in note 4 to the March 31, 2017 Condensed Consolidated Financial Statements, we also use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in the credit agreements and indentures of UPC Holding and UPC Broadband Holding is dependent primarily on our ability to maintain or increase the Covenant EBITDA 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 UPC Holding and UPC Broadband Holding's debt instruments. For example, if the Covenant EBITDA 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. At March 31, 2017, 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.

At March 31, 2017, the outstanding principal amount of our consolidated third-party debt, together with our capital lease obligations, aggregated €6,497.0 million, including €801.4 million that is classified as current in our condensed consolidated balance sheet and €5,667.9 million that is not due until 2022 or thereafter. For additional information regarding our current debt maturities, see note 7 to the March 31, 2017 Condensed Consolidated Financial Statements.

Notwithstanding our negative working capital position at March 31, 2017, 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 Existing Notes, all of our consolidated third-party debt and capital lease obligations had been borrowed or incurred by our subsidiaries at March 31, 2017.

For additional information regarding our debt and capital lease obligations, see note 7 to the March 31, 2017 Condensed Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Condensed Consolidated Statements of Cash Flows—Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016

General. Our cash flows are subject to significant variations due to FX.

Summary. Our condensed consolidated statements of cash flows for the three months ended March 31, 2017 and 2016 are summarized as follows:

	Three months ended March 31,		
	2017	2016	Change
	in millions		
Net cash provided by operating activities	€ 112.1	€ 150.0	€ (37.9)
Net cash used by investing activities	(70.2)	(66.2)	(4.0)
Net cash used by financing activities	(53.7)	(207.1)	153.4
Effect of exchange rate changes on cash	(0.3)	0.8	(1.1)
Net decrease in cash and cash equivalents	€ (12.1)	€ (122.5)	€ 110.4

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

Investing Activities. The increase in net cash used by our investing activities is primarily attributable to (i) an increase in cash used of €5.4 million associated with lower net repayments from related parties and (ii) an increase in cash used of €0.2 million associated with higher capital expenditures. Capital expenditures increased from €69.4 million during the first three months of 2016 to €69.6 million during the first three months of 2017 due to the net effect of (a) an increase resulting from FX and (b) a decrease in the local currency capital expenditures of our subsidiaries, including a decrease associated with higher capital-related vendor financing and an increase in related working capital items.

The capital expenditures that we report in our condensed consolidated statements of cash flows do not include (i) amounts that are 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 capital-related 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 this discussion, we refer to (a) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude non-cash related-party capital additions and amounts financed under capital-related vendor financing or capital lease arrangements, and (b) our total property and equipment additions, which include our capital expenditures on an accrual basis, non-cash related-party capital additions and amounts financed under capital-related vendor financing or capital lease arrangements. For additional information, see notes 6 and 7 to the March 31, 2017 Condensed Consolidated Financial Statements. For further details on property and equipment additions, including a reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our condensed consolidated statements of cash flows, see note 11 to the March 31, 2017 Condensed Consolidated Financial Statements.

Our segment property and equipment additions increased during the three months ended March 31, 2017 as compared to the corresponding period in 2016, primarily due (i) an increase related to support capital, including information technology upgrades and general support systems, primarily in Switzerland/Austria, (ii) an increase in expenditures for the purchase and installation of customer premises equipment in Central and Eastern Europe and (iii) an increase in expenditures for new build and upgrade projects, largely in Central and Eastern Europe.

Financing Activities. The decrease in net cash used by our financing activities is primarily attributable to the net effect of (i) a decrease in cash used of €454.5 million due to higher net borrowings of related-party debt, (ii) an increase in cash used of €152.0 million related to VAT paid on behalf of a related party, (iii) an increase in cash used of €11.2 million due to higher cash payments related to derivative instruments and (iv) an increase in cash used of €28.6 million due to higher net repayments of third-party debt and capital lease obligations.

Consolidated Statements of Cash Flows—2016 compared to 2015

Summary. Our consolidated statements of cash flows for 2016 and 2015 are summarized as follows:

	Year ended December 31,		
	2016	2015	Change
	in millions		
Net cash provided (used) by operating activities	€ 759.1	€ (808.7)	€ 1,567.8
Net cash used by investing activities	(183.4)	(217.5)	34.1
Net cash provided (used) by financing activities	(693.7)	1,085.4	(1,779.1)
Effect of exchange rate changes on cash.....	5.8	28.5	(22.7)
Net increase (decrease) in cash and cash equivalents	€ (112.2)	€ 87.7	€ (199.9)

Operating Activities. The change in net cash provided (used) by our operating activities is primarily attributable to the net effect of (i) an increase in cash due to lower cash payments for related-party interest, (ii) an increase in cash due to lower cash payments related to derivative instruments, (iii) an increase in cash provided by our operating cash flow and related working capital changes and (iv) a decrease in cash due to higher cash payments for taxes.

Investing Activities. The decrease in net cash used by our investing activities is primarily attributable to the net effect of (i) a decrease in cash used of €64.5 million associated with net repayments from (advances to) related parties and (ii) an increase in cash used of €35.3 million associated with higher capital expenditures.

The capital expenditures that we report in our consolidated statements of cash flows do not include (i) amounts that are 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 capital-related 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 this discussion, we refer to (a) 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 (b) our total property and equipment additions, which include our capital expenditures on an accrual basis, non-cash related-party capital additions and amounts financed under capital-related vendor financing or capital lease arrangements. For additional information, see notes 7 and 8 to the December 31, 2016 Consolidated Financial Statements. For further details on property and equipment additions, including a reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our consolidated statements of cash flows, see note 15 to the December 31, 2016 Consolidated Financial Statements.

Our segment property and equipment additions increased during 2016, as compared to 2015, primarily due to (i) an increase in expenditures for new build and upgrade projects to expand service, (ii) an increase in expenditures for the purchase and installation of customer premises equipment and (iii) an increase in expenditures for support capital, such as information technology upgrades and general support systems. During 2016 and 2015, our segment property and equipment additions represented 24.7% and 21.1% of our revenue, respectively.

Financing Activities. The change in net cash provided (used) by our financing activities is primarily attributable to the net effect of (i) a decrease in cash of €3,893.3 million due to lower net borrowings of related-party debt, (ii) an increase in cash of €2,077.2 million due to lower net repayments of third-party debt and capital lease obligations, (iii) an increase in cash of €116.4 million due to lower payments for financing costs and debt premiums, (iv) a decrease in cash of €51.5 million related to changes in cash collateral and (v) a decrease in cash of €25.4 million due to higher cash payments related to derivative instruments.

Consolidated Statements of Cash Flows—2015 compared to 2014

Summary. Our consolidated statements of cash flows for 2015 and 2014 are summarized as follows:

	Year ended December 31,		
	2015	2014	Change
	in millions		
Net cash provided (used) by operating activities	€ (808.7)	€ 336.7	€ (1,145.4)
Net cash used by investing activities	(217.5)	154.8	(372.3)
Net cash provided (used) by financing activities	1,085.4	(903.1)	1,988.5
Effect of exchange rate changes on cash.....	28.5	1.2	27.3
Net increase (decrease) in cash and cash equivalents	€ 87.7	€ (410.4)	€ 498.1

Operating Activities. The change in net cash provided (used) by our operating activities is primarily attributable to the net effect of (i) a decrease in cash due to higher cash payments for related-party interest, (ii) an increase in cash due to lower cash payments for third-party interest, (iii) an increase in cash due to lower cash payments related to derivative instruments, (iv) an increase in cash provided by our operating cash flow and related working capital changes, (v) an increase in the reported net cash provided by operating activities due to FX and (vi) a decrease in cash due to higher cash payments for taxes.

Investing Activities. The change in net cash provided (used) by our investing activities is primarily due to the net effect of (i) a decrease in cash of €323.3 million associated with the sale of a related-party loan receivable during the first quarter of 2014, (ii) a decrease in cash of €194.8 million associated with net advances to (repayments from) related parties and affiliates, (iii) an increase in cash of €15.3 million associated with lower capital expenditures and (iv) an increase in cash of €28.6 million associated with lower cash paid in connection with acquisitions.

Our property and equipment additions increased during 2015, as compared to 2014, primarily due to the net effect of (i) an increase in expenditures for new build and upgrade projects to expand service, (ii) an increase due to FX, (iii) an increase in expenditures for support capital, such as information technology upgrades and general support systems and (iv) a decrease in expenditures for the purchase and installation of customer premises equipment. During 2015 and 2014, our segment property and equipment additions represented 21.1% and 19.2% 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 €2,944.0 million due to higher net borrowings of related-party debt, (ii) a decrease in cash of €1,427.2 million due to higher net repayments of third-party debt, (iii) an increase in cash of €18.4 million related to a return of an advance to a subsidiary of Liberty Global during 2014, (iv) an increase in cash of €324.5 million related to the net change in deemed distributions and contributions, (v) a decrease in cash of €110.5 million due to higher cash payments related to derivative instruments, (vi) a decrease in cash of €161.3 million due to higher payments for financing costs and debt premiums and (vii) an increase in cash of €102.8 million related to changes in cash collateral.

Contractual Commitments

The euro equivalents of our commitments as of March 31, 2017 are presented below:

	Payments due during							Total
	Remainder of 2017	2018	2019	2020	2021	2022	Thereafter	
	in millions							
Debt (excluding interest):								
Third-party.....	€ 645.7	€ 151.2	€ 1.1	€ 2.5	€ 3.9	€ 601.0	€ 5,053.0	€6,458.4
Related-party	—	—	—	—	—	—	6,297.3	6,297.3
Capital leases (excluding interest).....	4.3	5.5	5.0	4.8	5.1	2.2	11.7	38.6
Purchase commitments	375.5	78.5	42.7	44.1	12.1	11.7	43.3	607.9
Programming commitments	65.3	87.6	77.3	80.8	37.4	18.9	—	367.3
Network and connectivity commitments	78.8	42.8	28.2	20.9	16.7	13.9	33.6	234.9
Operating leases.....	25.8	27.7	24.5	20.3	16.4	12.2	70.0	196.9
Other commitments.....	6.6	7.0	6.7	6.6	6.6	6.6	6.5	46.6
Total ^(a)	€ 1,202.0	€ 400.3	€ 185.5	€ 180.0	€ 98.2	€ 666.5	€ 11,515.4	€14,247.9
Projected cash interest payments on third-party debt and capital lease obligations ^(b)	€ 180.4	€ 284.0	€ 276.7	€ 277.0	€ 276.9	€ 265.8	€ 518.4	€ 2,079.2

(a) The commitments included in this table do not reflect any liabilities that are included in our March 31, 2017 condensed consolidated balance sheet other than debt and capital lease obligations. Our liability for uncertain tax positions in the various jurisdictions in which we operate (€2.7 million at March 31, 2017) 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, commitment fees and contractual maturities in effect as of March 31, 2017. 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, original issue premiums or discounts. Amounts associated with related-party debt are excluded from the table.

For information concerning our debt and capital lease obligations, see note 7 to the March 31, 2017 Condensed Consolidated Financial Statements. For information concerning our commitments, see note 10 to the March 31, 2017 Condensed Consolidated Financial Statements.

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 the three months ended March 31, 2017 and 2016, see note 4 to the March 31, 2017 Condensed Consolidated Financial Statements.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments. The euro equivalents presented below are based on interest rates and exchange rates that were in effect as of March 31, 2017. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 4 to the March 31, 2017 Condensed Consolidated Financial Statements.

	Payments (receipts) due during							Total
	Remainder of 2017	2018	2019	2020	2021	2022	Thereafter	
	in millions							
Projected cash payments (receipts), net:								
Interest-related (a)...	€ (15.0)	€ 52.1	€ 16.4	€ 12.0	€ 15.8	€ (16.7)	€ (25.3)	€ 39.3
Principal-related (b)	—	—	—	113.8	(37.4)	(13.4)	(319.5)	(256.5)
Other.....	2.2	0.7	—	—	—	—	—	2.9
Total	€ (12.8)	€ 52.8	€ 16.4	€ 125.8	€ (21.6)	€ (30.1)	€ (344.8)	€ (214.3)

- (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 swap 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, 2016 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 81% of our total assets at December 31, 2016.

When circumstances warrant, we review 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 (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 recorded at the lower of their carrying amount or fair value less costs to sell.

We evaluate goodwill for impairment at least annually on October 1 and whenever 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"). 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 of, among other items, subscriber growth and retention rates, rates charged per product, expected gross margins and Segment OCF margins and expected property and equipment additions. The development of these cash flows, and the discount rate applied to the cash flows, is subject to inherent uncertainties, and actual results could vary significantly from such estimates. Our determination of the discount rate is based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows. Based on the results of our 2016 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, 2016, 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 and mobile 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 lives 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. Our depreciation and amortization expense during 2016, 2015 and 2014 was €548.4 million, €572.1 million and €524.9 million, respectively. A 10% increase in the aggregate amount of our depreciation and amortization expense during 2016 would have resulted in a €54.8 million or 11.4% decrease in our 2016 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 and fair value method investments, each of which are carried at fair value. We use cash flow valuation models to determine the fair values of our interest rate and foreign currency derivative instruments. We use quoted market prices when available and, when not available, we use a combination of an income approach (discounted cash flows) and a market approach (market multiples of similar businesses) to determine the fair value of our fair value method investments. For a detailed discussion of the inputs we use to determine the fair value of our derivative instruments and fair value method investments, see note 6 to the December 31, 2016 Consolidated Financial Statements. See also note 5 to the December 31, 2016 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 2016, 2015 and 2014, we recognized net gains (losses) of (€28.9 million), (€42.3 million) and €103.1 million, respectively, attributable to changes in the fair values of our derivative instruments.

As further described in note 6 to the December 31, 2016 Consolidated Financial Statements, actual amounts received or paid upon the settlement or disposition of our derivative instruments may differ materially from the recorded fair values at December 31, 2016.

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, 2016 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, 2016, the aggregate valuation allowance provided against deferred tax assets was €2,507.0 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, 2016 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 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, 2016, the amount of unrecognized tax benefits for financial reporting purposes, but taken or expected to be taken in our tax returns, was €18.5 million, of which €12.5 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, 2016 Consolidated Financial Statements.

Management and Principal Shareholder

Through December 31, 2016, the managing director of UPC Holding was Liberty Global Europe Management B.V., which is an indirect subsidiary of Liberty Global. Effective January 1, 2017, the managing director of UPC Holding is Liberty Global Management B.V., which is also an indirect 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 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 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 our subsidiary UPC DTH S.a.r.l. (“**UPC DTH**”). Unless otherwise indicated, the operational data provided below is as of March 31, 2017.

Broadband Distribution

Overview

We offer a variety of broadband services, which are delivered to our residential and business customers over our networks and include video, broadband internet, and telephony. We also deliver mobile services through third-party networks as MVNOs in certain of our markets. 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 is “triple-play”, which we use to describe bundled services of digital video, internet and telephony in one subscription. In Switzerland, Austria and Hungary, we are enhancing this offer by expanding our services to include mobile services. Available service offerings depend on the bandwidth capacity of a particular system and whether it has been upgraded for two-way communications. In certain markets, we also offer video services through DTH and fiber-to-the-home and DSL networks. 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 tables present certain operating data as of March 31, 2017, with respect to the cable and DTH systems of our subsidiaries. Percentages are rounded to the nearest whole number.

		Homes Passed (1)	Two-way Homes Passed (2)	Customer Relationsh ips (3)	Total RGUs (4)	Basic Video Subscriber s (5)	Enhanced Video Subscriber s (6)	DTH Subscriber s (7)	Total Video	Internet Subscriber s (8)	Telephony Subscriber s (9)	Mobile Subscriber s (10)
Liberty Group	Global											
	Switzerland (11)	2,251,100	2,251,100	1,281,400	2,503,600	569,000	672,200	—	1,241,200	744,500	517,900	85,300
	Austria	1,394,500	1,394,500	653,200	1,417,800	109,600	367,600	—	477,200	505,900	434,700	39,000
	Total Western Europe	3,645,600	3,645,600	1,934,600	3,921,400	678,600	1,039,800	—	1,718,400	1,250,400	952,600	124,300
	Poland	3,184,100	3,123,600	1,430,500	2,955,600	203,400	1,010,500	—	1,213,900	1,111,500	630,200	4,900
	Hungary	1,738,100	1,720,600	1,107,000	2,180,200	118,400	545,600	284,800	948,800	641,600	589,800	67,100
	Romania	2,922,500	2,877,000	1,290,900	2,291,100	255,000	647,400	356,400	1,258,800	544,000	488,300	—
	Czech Republic	1,484,000	1,450,700	717,000	1,245,600	152,900	355,200	109,100	617,200	481,500	146,900	—
	Slovakia	588,700	566,800	278,900	462,200	27,100	144,900	76,600	248,600	130,300	83,300	—
	Total Central and Eastern Europe	9,917,400	9,738,700	4,824,300	9,134,700	756,800	2,703,600	826,900	4,287,300	2,908,900	1,938,500	72,000
	Total	13,563,000	13,384,300	6,758,900	13,056,100	1,435,400	3,743,400	826,900	6,005,700	4,159,300	2,891,100	196,300

- (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 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. Due to the fact that we do not own the partner networks (defined below) used in Switzerland (see note 10 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 telephony services.
- (3) Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as RGUs, without regard to which or to how many services they subscribe. 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 Table 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-only customers from Customer Relationships.

- (4) RGU is separately a Basic Video Subscriber, Enhanced Video Subscriber, DTH 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 market 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, 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, 2017 RGU counts exclude our separately reported postpaid mobile subscribers.
- (5) Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes conditional access security cards or “**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 premise 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. We have approximately 173,900 “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) 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.
- (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) 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 43,500 digital subscriber line (DSL) subscribers within Austria, who 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 93,400 subscribers who have requested and received this service.
- (9) 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 33,100 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 101,600 subscribers who have requested and received this service.
- (10) Mobile Subscriber is an active subscriber identification module (“**SIM**”) card in service rather than services provided. For example, if a Mobile Subscriber had both a data and voice plan on a smartphone this would equate to one Mobile Subscriber. Alternatively, a subscriber who had 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 Subscriber counts after periods of inactivity ranging from 30 to 90 days, based on industry standards within the respective country.
- (11) 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, 2017, Switzerland’s partner networks account for 133,700 Customer Relationships, 287,200 RGUs, 104,000 Enhanced Video Subscribers, 107,000 Internet Subscribers and 76,200 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 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. Our EBU's 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.

Network & Product Penetration Data (%) – March 31, 2017							
	Switzerland	Austria	Poland	Hungary	Czech Republic	Romania	Slovakia
UPC Holding Network Data:							
Two-way homes passed (HP) percentage ⁽¹⁾	100	100	98	99	98	98	96
Digital video availability percentage ⁽²⁾	100 ⁽⁹⁾	95	98	98	98	98	91
Broadband internet availability percentage ⁽²⁾	100 ⁽⁹⁾	100	98	99	98	98	88
Fixed-line telephony availability percentage ⁽²⁾	100 ⁽⁹⁾	100	98	99	98	98	88
Bandwidth percentage ⁽³⁾							
at least 860 MHz	100	86	100	43	99	98	98
750 MHz to 859 MHz	—	—	— ⁽¹⁰⁾	51	— ⁽¹⁰⁾	— ⁽¹⁰⁾	—
less than 750 MHz	—	14	— ⁽¹⁰⁾	6	1	2	2
UPC Holding Product Penetration:							
Cable television penetration ⁽⁴⁾	55	34	38	38	34	31	29
Enhanced Video penetration ⁽⁵⁾	54	77	83	82	70	72	84
Broadband internet penetration ⁽⁶⁾	33	36	36	37	33	19	23
Fixed telephony penetration ⁽⁶⁾	23	31	20	34	10	17	15
Double-play penetration ⁽⁷⁾	18	22	28	11	47	11	15
Triple-play penetration ⁽⁷⁾	39	48	39	43	13	33	25
Fixed-Mobile Convergence Penetration ⁽⁸⁾	8	4	— ⁽¹⁰⁾	7	—	—	—

- (1) Percentage of total homes passed that are two-way HP.
- (2) Percentage of total homes passed to which digital video, broadband internet or fixed-line telephony services, as applicable, are made available as of December 31, 2016.
- (3) Percentage of total homes passed served by a network with the indicated bandwidth. Information as of December 31, 2016.
- (4) Percentage of total homes passed that subscribe to cable television services (Basic Video or Enhanced Video).
- (5) Percentage of cable television subscribers (Basic Video and Enhanced Video Subscribers) that are Enhanced Video Subscribers.
- (6) Percentage of two-way homes passed that subscribe to broadband internet or fixed-line telephony services, as applicable.
- (7) 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).
- (8) Fixed-Mobile convergence penetration represents the number of customers who subscribe to both our internet service and our postpaid mobile service, divided by the number of customers who subscribe to our internet service.
- (9) Assuming the contractual right to serve the building exists in the case of multiple dwelling units.

(10) Less than 1%.

(11) Together, represents less than 2%.

Network & Product Penetration Data (%)							
	Switzerland	Austria	Poland	Hungary	Czech Republic	Romania	Slovakia
Video services (excluding DTH):							
Next Generation Video Platform.....	Horizon	Horizon	Horizon	Horizon Lite ⁽⁴⁾	Horizon/Horizon Lite ⁽⁴⁾	Horizon Lite ⁽⁴⁾	Horizon Lite ⁽⁴⁾
Next Generation Video percentage ⁽¹⁾ ...	28	8	25	13	47	4	50
Number of out-of-home channels available (second screen)	128	50	94	107	127	95	84
Availability of Replay TV.....	X	—	X	X	X	X	X
Number of channels in basic digital tier.....	90	110	105	107	105	117	110
Broadband internet service:							
Maximum download speed offered (Mbps)	500	300	250 ⁽³⁾	500	400	500	500
Fixed-line telephony and mobile services:							
VoIP Fixed-line	X	X	X	X	X	X	X
Number of postpaid Mobile SIM cards (in 000's) ⁽²⁾	85	39	5 ⁽⁵⁾	67			

(1) Percentage of total cable television subscribers that have next generation video.

(2) Represents the number of active SIM cards in service. See note 10 to Consolidated Operating Data table above.

(3) For business customers, speeds of up to 600 Mbps are available.

(4) Refers to our upgraded set-top box system that provides several features of Horizon TV (defined below) in the home.

(5) Limited to legacy subscribers.

Products and Services

Video Services

Our video service is, and continues to be, one of the key foundations of our product offerings in our markets. Our cable operations offer multiple tiers of digital video programming and audio services starting with a basic video service. Subscribers to our basic video service pay a fixed monthly fee and generally receive at least 90 digital or analog video channels (including a limited number of high definition (“**HD**”) channels) and several digital and analog radio channels. This service also includes VoD access and an electronic programming guide. In our markets where our basic digital service is unencrypted (Austria, Poland, Hungary, the Czech Republic and Romania), the cost of our digital service is the same cost as the monthly fee of our analog service. 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. We tailor our 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.

We also offer a variety of premium channel packages to meet the special interests of our subscribers. For an additional monthly charge, a subscriber may upgrade to one of our extended digital tier services and receive an increased number of video and radio channels, including the channels in the basic tier service and additional HD channels. Digital subscribers may also subscribe to one or more packages of premium channels for an additional monthly charge.

Subscribers to our digital services also receive the channels available through our analog service. We offer limited analog services in all of our broadband markets, except in Switzerland. In addition, we will no longer offer analog service in Austria following the shut down of analog in Austria planned for July 2017. 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.

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, where available, quad-play for four services.

To meet customer demands, we have enhanced our video services with various products that enable our customers to control when, where and how they watch their programming. These products range from DVRs to multimedia home gateway systems such as “**Horizon TV**”, as well as various mobile applications (“**apps**”). Horizon TV is a next generation multimedia home gateway (decoder box) based on a digital television platform that is capable of distributing video, voice and data content throughout the home and to multiple devices. It has a sophisticated user interface that enables customers to view and share, across multiple devices, linear channels, VoD programming and personal media content and to pause, replay and record programming. The Horizon TV gateway can act as an internet router that allows access to digital video content available on the television via other devices, such as laptops, smart phones and tablets.

For our Horizon TV subscribers, we offer various features and functionalities, including over 330 television apps for various online services (such as YouTube, Netflix, social platforms, sports experience, music, news and games). In almost all of our operations, we also offer an online mobile app for viewing on a second screen called “**Horizon Go**”. Horizon Go is available on mobile devices (iOS, Android and Windows) and via an internet portal and allows video customers to view linear channels and VoD, with a substantial part of this content available outside of the home. For Horizon TV customers, when in the home the second screen device can act as a remote control. Through Horizon Go, customers have the ability to remotely schedule the recording of a television program on their Horizon TV box at home.

We offer Horizon TV in Switzerland, Austria, Poland and the Czech Republic. In several of our other operations, we provide a Horizon TV-like experience through a remote upgrade of the software on the customer’s set-top box. After the upgrade, these boxes offer several features of the Horizon TV product. We refer to this upgrade as “**Horizon Lite**”, although it is locally marketed as Horizon TV. Some of the Horizon TV features are not available on our Horizon Lite systems, such as recommendation-based content and the ability to access video content on other devices in the home. 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.

One of our key video services is “**Replay TV**”. Replay TV records virtually all programs across numerous linear channels in the countries where this service is available. The recordings are available up to seven days after the original broadcast. This allows our customers to catch up on their favorite television shows without having to set their DVR or browse separate menus on their set-top boxes. Instead, customers can open the electronic programming guide, scroll back and replay linear programming instantly. Replay TV also allows our customers to replay a television program from the start even while the live broadcast is in progress. Replay TV is accessible in Switzerland, the Czech Republic, Hungary, Romania, Poland and Slovakia through Horizon TV or Horizon Lite, and in some of our markets also via Horizon Go.

In most of our markets, we offer pay-per-view programming through VoD giving subscribers access to thousands of movies and television series. In several of our markets, our subscription VoD service “**MyPrime**” is available for an additional fee with our basic video services and is included in our enhanced video services accessed through the Horizon TV platform. MyPrime is tailored to the specific market based on available content, consumer preferences and competitive offers. We continue to develop our VoD services to provide a growing collection of programming from local and international suppliers, such as ABC/Disney, A+E Networks, NBC/Universal, CBS/Paramount, the BBC, Warner TV and Sony, among others.

Our VoD services, including catch-up TV, are available on a subscription basis or a transaction basis, depending on the tier of enhanced video service selected by the subscriber. Customers who subscribe to an extended digital tier generally receive a VoD enabled set-top box without an additional monthly charge. The

subscription-based VoD service includes various programming, such as music, kids, documentaries, adult, sports and television series.

Subscribers access our enhanced video service by renting a set-top box with a smart card from our operators, or without a set-top box if a subscriber is only using our basic video service. Where Horizon TV is available, a subscriber to our enhanced video services has the option, for an incremental monthly charge, to upgrade the standard digital set-top box to a Horizon TV box (which has HD DVR capabilities and other additional features). No set-top box or smart card, however, is required to receive our basic digital services in our unencrypted footprints. In addition, expanded channel packages and premium channels and services are available for an incremental monthly fee in all of our markets.

UPC DTH, based in Luxembourg, provides DTH services in the countries of the Czech Republic, Hungary and Slovakia and manages the Romanian DTH provider FocusSat, one of our subsidiaries. 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 several free-to-air television and audio channels. A subscriber to its video service may receive over 100 channels and services depending on their location and tier of service selected. Its premium channel offerings cover a range of interests (such as movies, adventure, sports, adult and comedy). In 2015, UPC DTH launched its first triple play offer in Hungary. Through a third-party network, UPC DTH subscribers in Hungary may also receive broadband internet with in-home WiFi and telephony services in addition to their DTH service. In the Czech Republic and Slovakia, UPC DTH offers CI+ module, which enables its subscribers in these countries to receive its signals without a set-top box. DVRs are also available.

UPC DTH and FocusSat have agreements with Telenor Satellite Broadcasting for the lease of transponder space, including expansion capacity, on the Thor satellites.

WiFi and Internet Services

Connectivity is a building block for vibrant communities. Our fiber-rich broadband network is the backbone of our business and the basis of our connectivity strategy. To meet our customers' expectations to be seamlessly connected, we are investing in the expansion of our broadband network, mobile and WiFi solutions and customer premises equipment.

Internet speed is of crucial importance to our customers, as they spend more time streaming video and other bandwidth-heavy services on multiple devices. Our extensive broadband network enables us to deliver ultra high-speed internet service across our markets. Our residential subscribers access the internet via cable modems connected to their internet capable devices, or wirelessly via a WiFi gateway device. We offer multiple tiers of broadband internet service ranging from a basic service of 25 Mbps in Austria and Slovakia to an ultra high-speed internet service of 500 Mbps in Switzerland, Hungary, Romania and Slovakia. The speed of service depends on the location and the tier of service selected. In addition, by leveraging our existing fiber-rich broadband networks and our network extension programs, we are well positioned to deliver gigabit services in our markets. To this end, by deploying the next generation DOCSIS 3.1 technology, we have the potential to extend our download speeds to at least 1 Gbps when fully deployed. DOCSIS technology is an international standard that defines the requirements for data transmission over a cable system. Currently, our ultra high-speed internet service is based primarily on DOCSIS 3.0 technology.

Our internet service generally includes email, address book and parental controls. We offer value-added broadband services in certain of our markets for an incremental charge. These services include security (e.g., anti-virus, anti-spyware, firewall and spam protection) and online storage solutions and web spaces. In many of our markets, we offer mobile broadband services with internet access as described below. 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.

In late 2015, we introduced the “**Connect Box**”, a dedicated connectivity device that delivers superior in-home WiFi coverage. The Connect Box is our next generation WiFi and telephony gateway that enables us to maximize the impact of our ultrafast broadband networks by providing reliable wireless connectivity anywhere in the home. It has an automatic WiFi optimization function, which selects the best possible wireless frequency at any given time. This gateway can be self-installed and allows customers to customize their home WiFi

service. Our Connect Box is available in all our markets. Robust wireless connectivity is increasingly important with our customers spending more and more time using bandwidth-heavy services on multiple devices.

In almost all of our markets, we have deployed community WiFi via routers in the home (the “**Community WiFi**”), which provides a secure access to the internet for our customers. Community WiFi is enabled by a cable modem WiFi access point (“**WiFi modem**”) in the Connect Box, the set-top box or the Horizon TV box of our internet customers. The Community WiFi is created through the sharing of access to the public channel of our customers’ home wireless routers. Use of the Community WiFi does not affect the internet speeds of our customers. 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. Access is free for our internet customers. At March 31, 2017, we had 3.0 million WiFi access points in our footprint.

We continue to expand our Community WiFi service throughout our markets. In Switzerland, Hungary, Poland and Romania, we are expanding our Community WiFi through access points covering public places. Our Community WiFi is branded as “**Wi-Free**” in most of our markets. Through an agreement with Comcast Corporation, our internet customers will also have access to millions of WiFi access points in the U.S. and across various European countries for no additional cost.

Mobile Services

Mobile services are another key building block for us to provide customers with seamless connectivity. We offer mobile services as an MVNO over third-party networks in Switzerland, Austria, and Hungary. We also have a small legacy MVNO in Poland that we maintain. We plan to add MVNO arrangements and, where appropriate, acquire or partner with mobile service providers with their own networks in all our broadband communication markets. We provide our mobile telephony services as full MVNOs through partnerships with a third-party mobile network operator in the countries in which we operate. All of these operations lease the third-party’s radio access network and own the core network, including switching, backbone and interconnections. These arrangements permit us to offer our customers in these markets mobile services without having to build and operate a cellular radio tower network.

Where mobile services are available, subscribers pay varying monthly fees depending on whether the mobile service is combined with our fixed-line telephony service or includes mobile data services via mobile phones, tablets or laptops. We offer our customers the option to purchase mobile handsets and to make such purchase pursuant to a contract independent of their mobile services contract. We refer to these arrangements as split contracts.

We typically charge a one-time activation fee to our customers for each SIM card. Our mobile services typically include voice, short message service and internet access. Calls, both within and out of network, incur a charge or are covered under a postpaid monthly service plan. Our 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 Switzerland and Austria, however, our postpaid service is offered without a minimum contract term. In our markets where mobile is available, subscribers to a double-or triple-play bundle receive a discount on their mobile service fee.

Telephony Services

Multi-feature telephony services are available through VoIP technology in most of our broadband communication markets. In Hungary, we also provide traditional circuit-switched telephony services. We pay interconnect fees to other telephony and internet providers when calls by our subscribers terminate on another network and receive similar fees from providers when calls by their users terminate on our network through interconnection points.

Our 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 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.

Partner Networks

For approximately two-thirds of the basic video subscribers in UPC Holding's Switzerland operations ("**UPC Switzerland**"), UPC Switzerland 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. When tenants select triple-play bundles with or without mobile service from UPC Switzerland, they then migrate to a direct billing relationship with us.

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

Business Services

In addition to our residential services, we offer business services in all of our operations. For business and public sector organizations, we provide a range of voice, advanced data, video, wireless and cloud-based services, as well as mobile and converged fixed-mobile services. Our business customers include SOHO (generally up to five employees), small business and medium and large enterprises. We also provide business services on a wholesale basis to other operators.

Our business services are designed to meet the specific demands of our business customers with a wide range of services, including increased data transmission speeds and virtual private networks. These services fall into five broad categories:

- VoIP and circuit-switch telephony, hosted private branch exchange solutions and conferencing options;
- data services for internet access, virtual private networks and high capacity point-to-point services;
- wireless services for mobile voice and data, as well as managed WiFi networks;
- video programming packages and select channel lineups for targeted industries; and
- value added services, including webhosting, managed security systems and storage and cloud enabled software.

Our intermediate to long-term strategy is to enhance our capabilities and offerings in the business sector so we become a preferred provider in the business market. To execute this strategy, customer experience and strategic marketing play a key role.

Our business services are provided to customers at contractually established prices based on the size of the business, type of services received and the volume and 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 at least one year.

Additional Business Information

Technology

In most 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 national and regional fiber

networks, which are connected to the home over the last few hundred meters by coaxial cable. Approximately 98% of our network allows for two-way communications and is flexible enough to support our current services as well as new services.

We closely monitor our network capacity and customer usage. Where necessary, we increase our capacity incrementally, for instance by splitting nodes in our cable network. We also continue to explore improvements to our services and new technologies that will enhance our customer's connected entertainment experience. These actions include:

- 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 to digital;
- bonding additional DOCSIS 3.0 channels;
- deploying VDSL over our fixed telephony network;
- replacing copper lines with modern optic fibers; and
- using digital compression technologies.
- freeing spectrum for high-speed internet, VoD and other services by encouraging customers to move from analog to digital services;
- increasing the efficiency of our networks by moving headend functions (encoding, transcoding and multiplexing) to cloud storage systems;
- enhancing our network to accommodate business services;
- using wireless technologies to extend our services outside of the home;
- offering remote access to our video services through laptops, smart phones and tablets;
- expanding the availability of Horizon TV and related products and developing and introducing online media sharing and streaming or cloud-based video; and
- testing new technologies.

We are expanding our hybrid fiber coaxial cable network in all of our Central and Eastern Europe operations through our network extension program. In addition, we are seeking mobile service opportunities where we have established cable networks and expanding our fixed-line networks where we have a strong mobile offering. This will allow us to offer converged fixed-line and mobile services to our customers.

We deliver high-speed data and fixed-line telephony over our broadband network in our markets. The cable networks of our operations are connected to our “**Aorta**” backbone. The Aorta backbone is recognized as 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.

In support of our connectivity strategy, we are moving our customers into a gigabit society. A majority of our broadband networks are already capable of supporting the next generation of ultra high-speed internet service at gigabit speeds. To provide these speeds to our subscribers, we are launching our next generation gateways that will enable DOCSIS 3.1 technology throughout our footprint. The launch of DOCSIS 3.1 technology will allow us to offer faster speeds and better services. The new gateways and the continued upgrades to our network in the coming years will allow us to maximize high-speed connectivity over our

broadband networks and deliver gigabit services in a cost-effective manner. It will also allow us to meet the expectations of our customers for high-speed internet access both in cities and rural areas of our footprint.

Supply Sources

Content. With telecommunication companies increasingly offering similar services, content is one of the deciding factors for customers in selecting a video services provider. Therefore, in addition to providing services that allow our customers to view programming when and where they want, we are investing in content that customers want. Our content strategy is based on:

- proposition (exceeding our customers' entertainment desires and expectations);
- product (delivering the best content available);
- procurement (investment in the best brands, shows and sports); and
- partnering (strategic alignment, acquisitions and growth opportunities).

We license almost all of our programming and on-demand offerings from content providers and third-party rights holders, including broadcasters and cable programming networks. For such licenses, we generally pay a monthly fee on a per channel or per subscriber basis, with minimum pay guarantees in certain cases. We generally enter into long-term programming licenses with volume discounts and marketing support. For on-demand programming 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 smart phones and tablets.

In seeking licenses for content, our primary focus is on partnering with leading international providers, such as Disney, Time Warner (including HBO), Fox, the BBC and Discovery. We also seek to carry in each of our markets key public and private broadcasters and in some markets we acquire local premium programming through select relationships with companies, such as Sky plc ("**Sky**") in Austria. For our VoD services, we license a variety of programming, including box sets of television series, movies, music, kids and documentaries. In addition, we have entered into a multi-year revenue sharing arrangement with Netflix Inc. ("**Netflix**") to provide our customers with premium over-the-top services. The partnership will result in Netflix's content being available via set-top boxes to our video customers across all of our markets. The Netflix app is already available to our customers in Switzerland and we plan to deploy the service in the rest of our operations via Horizon TV over the course of 2017 and 2018.

Exclusive content is another element of our content strategy. To support this approach, we are investing in content assets. For example, we have announced the launch of MySports in Switzerland in 2017. In addition, we are commissioning our own dramas. We created the Swiss sitcom *Fassler-Kunz* and the Swiss series *Im Heimatland*.

Customer Premises Equipment. We purchase each type of customer premises equipment from a number of different suppliers with at least two or more suppliers providing our high-volume products. Customer premises equipment includes set-top boxes, modems, WiFi routers, 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 our customers mobile services.

Software Licenses. 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 mobile network operations and 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.

Access Arrangements. For our mobile services provided through MVNO arrangements, we are dependent on third-party wireless network providers. Each of our MVNO operations has an agreement with such a provider to carry the mobile communications traffic of our customers. We seek to enter into medium to

long-term arrangements for these services. Any termination of these arrangements could significantly impact our mobile services.

Competition

All of our businesses operate in highly competitive and rapidly evolving markets. Technological advances and product innovations have increased and are likely to continue to increase giving customers several options for the provision of their telecommunications services. Our customers want access to high quality telecommunication services that allow for seamless connectivity. Accordingly, our ability to offer converged services (video, internet, fixed telephony and mobile) is a key component of our strategy. In many of our markets, we compete with companies that provide fixed-mobile convergence bundles, as well as companies that are established in one or more communication products and services. Consequently, our businesses face significant competition. In all markets, we seek to differentiate our telecommunication services by focusing on customer service, competitive pricing and offering quality high-speed internet. In this section, we describe the competitive landscape for the provision of video, broadband internet, and mobile and fixed-line telephony services in our markets, and then provide information on the key competitors in our various markets.

Video Distribution

In the countries in which we operate, our principal competition in the provision of video services is from traditional free-to-air broadcasters; DTH satellite providers in many markets, such as Austria, Poland, the Czech Republic and Slovakia, where we compete with long-established satellite platforms; incumbent telecommunications providers using fiber technology; and cable operators where portions of our systems have been overbuilt. Mobile broadband has gained a noticeable share of subscribers, which is another competitive factor.

Similar to our technological advances to enhance our video services, our competitors are also improving their video platforms with next generation set-top boxes, TV everywhere products and other interactive services. 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 IPTV over DSL, VDSL and FTTx networks and, in some cases, DTH and DTT. The ability of incumbent operators to offer the triple-play of video, broadband internet and fixed-line telephony services and, in most countries, a quad-play with mobile services, is exerting competitive pressure on our operations, including the pricing and bundling of our video products. In order to gain video market share, the incumbent operators and alternative service providers in a number of our markets are pricing their DTT, VDSL or DTH video packages at a discount to the retail price of the comparable digital cable service.

Overall, we are experiencing increased convergence as customers look to receive all their media and communication services from one provider. In Switzerland, our key competitor for the provision of converged services is Swisscom AG (“**Swisscom**”). Swisscom has extensive resources allowing it to offer competitively priced bundled services. As a result, our ability to offer triple-play or quad-play bundles and fixed-mobile convergence bundles is one of our key strategies to attract and retain customers. We seek to distinguish ourselves through our multimedia gateway services, interactive services (such as Replay TV and MyPrime) and our download speeds.

Over-the-top video content aggregators utilizing our or our competitors’ high-speed internet connections are also a significant competitive factor as are other video service providers that overlap our service areas. The over-the-top video aggregators (such as HBO Go, Amazon Prime and Netflix) offer 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. Generally, the content library of such services are offered on an unlimited basis for a monthly fee. Typically these services are available on multiple devices in and out of the home. To enhance our competitive position, we provide our subscribers with TV everywhere products and premium over-the-top video services through MyPrime or our arrangement with Netflix. 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.

Portions of our systems have been overbuilt by FTTx networks and other cable operations. These systems are a significant competitive factor primarily for our Central and Eastern Europe operations. Based on research of various telecommunication publications, including by the Organization for Economic Cooperation

and Development and internal estimates, parts of our Central and Eastern Europe operations are overbuilt by FTTx networks, including almost all of our operations in Romania. Other cable operators have also overbuilt approximately half of our cable networks in Hungary and Poland. 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 adopting VDSL with vectoring and bonding technologies as a more cost efficient solution compared to FTTx initiatives. Swisscom is implementing vectoring in Switzerland. Vectoring is a transmission method that coordinates line signals to reduce crosstalk levels and improve performance. Bonding is a method of taking channels on either DSL or cable plant and bonding those channels together for a higher bandwidth throughput.

In most of our Central and Eastern European markets, we face intense competition from DTH services. These DTH companies offer aggressively-priced packages of video content and in some cases offer triple-play packages. Free-to-air broadcasters are also significant competitors in the Central and Eastern Europe markets. To stay competitive, UPC Holding's DTH operations offer advanced services and functionality, including DVR and premium content, in most of our Central and Eastern European markets. It has also expanded these services to include a triple-play offer in Hungary. Our cable operations stay competitive by offering enhanced digital services, such as HD channel offerings, MyPrime, Horizon Go and expanded VoD services. These operations have also increased broadband internet speeds in their triple-play bundles ranging from up to 250 Mbps in Poland to up to 500 Mbps in Hungary, Romania and Slovakia. Promotional discounts are available, particularly on bundled options.

We believe that our deep-fiber access provides us with several competitive advantages. For instance, our cable networks allow us to concurrently deliver internet access, together with real-time television and VoD content, without impairing our high-speed internet service. 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. Where mobile is available, our mobile networks, together with our fixed fiber-rich networks, allow us to provide a comprehensive set of converged mobile and fixed-line services. Our capacity is designed to support peak consumer demand. In serving the business market, many aspects of the network can be leveraged at very low incremental costs given that business demand peaks at a time when consumer demand is low, and peaks at lower levels than consumer demand. In response to the continued growth in over-the-top viewing, we have launched a number of innovative video services, including Horizon Go, MyPrime and Replay TV, as well as access to Netflix content.

Our ability to continue to attract and retain customers depends on our continued ability to acquire appealing content and services on acceptable terms and to have such content available on multiple devices and outside the home. Some competitors, such as Swisscom in Switzerland, have obtained long-term exclusive contracts for certain sports programs, which limits the opportunities for other providers to offer such programs. Other competitors also have obtained long-term exclusive contracts for programs, but our operations have limited access to certain of such programming through select contracts with these companies, including Sky Deutschland AG, a subsidiary of Sky, in Austria. If exclusive content offerings increase through other providers, programming options could be a deciding factor for subscribers on selecting a video service.

We compete on value by offering advanced digital services, such as DVR functionality, HD, VoD, catch-up television, Replay TV, multiscreen services and multimedia gateways. We also compete by accelerating the migration of our customers from analog to digital services, offering advanced digital features and attractive content packages, as well as bundled services, at reasonable prices. In each of the countries in which we operate, we also tailor our packages to include attractive channel offerings and offer recurring discounts for bundled services and loyalty contracts. In addition, from time to time, we modify our digital channel offerings to improve the quality of our programming. Where mobile voice and data are available, we focus on our converged service offerings at attractive prices. In our other operations, we 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. We also continue to enhance our Horizon TV product to meet our customers' desire to view programming anytime and anywhere, such as new applications and expanding its availability in our markets.

UPC Switzerland Competitors. Our main competitor in Switzerland is Swisscom, the incumbent telecommunications operator, which provides IPTV services over DSL, VDSL and FTTx networks. Swisscom offers VoD services, DVR and replay 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 include up to 100 Mbps on its VDSL network and up to 1 Gbps in areas served by its FTTx network. Swisscom continues to 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. With respect to subscribers on partner networks, UPC Switzerland competes with other service providers for the contracts to serve these subscribers.

UPC Austria Competitors. Our primary competition in Austria is from free-to-air television received via satellite and DTH 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, 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. In addition, it offers a video streaming service.

Central and Eastern Europe Competitors. 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), as well as Orange Poland, a subsidiary of France Telecom S.A. UPC Poland also competes with the IPTV services of Orange Poland, which is expanding its DSL, VDSL and FTTx networks, including to households in UPC Poland's footprint. UPC Poland competes with other cable operators with triple-play services, who have overbuilt portions of UPC Poland's operations.

Our subsidiary, UPC DTH, provides satellite services in Hungary, in competition with other DTH providers. One of these, Digi TV, the brand name of RCS & RDS S.A. ("**Digi TV**") is an aggressive competitor. Digi TV has also 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. In its cable footprint, Digi TV offers a competitively priced quad-play bundle. UPC Hungary also faces competition from the IPTV services and DTH services of the incumbent telecommunications company Magyar Telekom, a subsidiary of Deutsche Telekom AG.

With the discontinuation of FTA analog services in the Czech Republic and Slovakia, DTH services have increased significantly in popularity, with "Skylink", the brand name of M7 Group S.A., being the main provider. In Slovakia, we also compete with the DTH service provider, Slovak Telekom a.s., a subsidiary of Deutsche Telekom AG, 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. DTH service providers are significant competitors in Romania, with Digi TV and Telecom Romania, the incumbent telecommunications company, providing DTH services.

In addition to its DTH services in Romania, Digi TV continues to overbuild portions of our cable network with its own cable network. Telekom Romania is also expanding its FTTx network. Both of these competitors offer quad-play bundles. UPC Czech competes with the incumbent telephone company's VDSL service and several other operators that provide DTH services and a number of local internet service providers ("**ISPs**") that provide IPTV services over FTTx networks. One of these companies is O2 Czech Republic, which has its own sports channel with exclusive rights in Multidimension and covers Champions League, Czech football (soccer) and similar sporting events. 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.

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 cable, DSL or FTTx networks and wireless broadband internet services. These competitors have a range of product offerings with varying speeds and pricing, as well as interactive services, data and other non-video services offered to homes and businesses. With the demand for mobile internet services increasing, competition from wireless services using various advanced technologies is a competitive factor. In several of our markets, competitors offer high-speed mobile

data via LTE wireless networks. In addition, other wireless technologies, such as WiFi, are available in almost all of our markets. In this intense competitive environment, speed and pricing are key drivers for customers.

Our strategy is speed leadership. Our focus is on increasing the maximum speed of our connections as well as offering varying tiers of service, prices and a variety of bundled product offerings and a range of value added services. We update our bundles and packages on an ongoing basis to meet the needs of our customers. Our top download internet speeds range from up to 250 Mbps to speeds of up to 500 Mbps available in Switzerland, Hungary, Romania and Slovakia. We use our ultra high-speed internet services with access to Community WiFi and competitively priced bundles to encourage customers from other providers to switch to our services. The focus is on high-end internet products to safeguard our high-end customer base and allow us to become more aggressive at the low- and medium-end of the internet market. By fully utilizing the technical capabilities of DOCSIS 3.0 technology on our cable systems, we can compete with local FTTx initiatives and create a competitive advantage compared to DSL infrastructures and LTE initiatives on a national level. With the commercial deployment of our next generation gateways that will enable DOCSIS 3.1 on our cable networks, we plan to further increase our high-speed internet offers.

In Switzerland, Swisscom is the largest provider of broadband internet services, and is our primary competitor. Swisscom internet customers have access to its basic video content free of charge through its internet portal. It is also expanding its FTTx network and rolling out G.fast technology. At year end 2016, it had 2.5 million new connections through these technologies. Swisscom offers download speeds ranging from 40 Mbps to up to 1 Gbps.

In Austria, our largest competitor with respect to broadband internet services is the incumbent telecommunications company, Telekom Austria. Telekom Austria is upgrading its DSL network. It also uses G.fast technology and VDSL technology with vectoring to increase its download speeds. Telekom Austria offers download speeds of up to 150 Mbps. The mobile broadband services of Telekom Austria are also a competitive factor. Telekom Austria is the largest mobile broadband provider for LTE services. In addition, we face competition from a process known as local loop unbundling on the incumbent telecommunications network and other mobile broadband operators. As a result, the competition in the Austrian broadband internet market is intense. Competitors in the Austrian broadband internet market are focusing on speed and pricing to attract customers.

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 S.A., with top download speed offers ranging from up to 100 Mbps to 600 Mbps in parts of UPC Poland's footprint. Multimedia is also a competitor pending the closing of our agreement to acquire it. In Hungary, the primary competitors are the incumbent telecommunications company Magyar Telekom and Digi TV. Where Digi TV's cable is available, its download speeds range from 100 Mbps to 1 Gbps for its top tier of service. 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.

Mobile and Telephony Services

Consumers are increasingly moving to mobile services. We face significant competition from other mobile telephony providers, many of whom offer LTE services and are making significant advances in obtaining customers. In all of our markets competition is intense. Our fixed-line and mobile telephony businesses are generally small compared to the existing business of the incumbent telephone companies. The incumbent telecommunication companies remain our key competitors but mobile operators and other VoIP operators, including ISPs, offering service across broadband lines are also significant competitors. In Switzerland, the key dominant telephony provider is Swisscom. Swisscom is also the largest mobile operator in Switzerland based on number of SIM cards. Sunrise Communications AG, which offers carrier pre-select services, is also a strong competitor. Each of these competitors also operates their own mobile telephony service and includes their mobile products in bundles with fixed-line services. Generally, we expect telephony markets to remain extremely competitive for all our operations.

We offer various calling plans, such as unlimited network, national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. In addition, we use our bundled offers with our video and ultra high-speed internet services to gain mobile subscribers. Our ability to offer fixed-mobile convergence services is a key driver. In some of our markets we provide converged services,

including mobile, fixed-line, broadband and video. We are also exploring opportunities to offer mobile services in our other markets and mobility applications to our other services.

The market for fixed-line telephony services is mature in all of our markets. 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. Our fixed-line telephony services compete against the incumbent telecommunications operator in the applicable market. In these markets, the 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 all of our markets, we also compete with other VoIP operators offering service across broadband lines. Over-the-top telephony is also a competitive factor. 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 extremely competitive 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. Our fixed-line telephony strategy is focused around value leadership, and we position our services as "anytime" or "any destination". Our portfolio of calling plans include a variety of innovative calling options designed to meet the needs of our subscribers. In many of our markets, we provide product innovation, such as telephone apps that allow customers to make and receive calls from their fixed-line call packages on smart phones. In addition, we offer varying plans to meet customer needs and, similar to our mobile services, we use our telephony bundle options with our digital video and internet services to help promote our telephony services and flat rate offers are standard.

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 E.U.

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 E.U. as of the date of this Offering Memorandum. As such, these countries are required to harmonize certain of their laws with certain E.U. rules. In addition, other types of E.U. rules are directly enforceable in those countries without any implementation at the national level. Certain E.U. rules are also applicable across the European Economic Area, whose member states are the E.U. member states (excluding Croatia) as well as Iceland, Liechtenstein and Norway as of the date of this Offering Memorandum.

On June 23, 2016, the United Kingdom held a referendum in which voters approved, on an advisory basis, an exit from the E.U. commonly referred to as "Brexit". The terms of any withdrawal are subject to a negotiation period that could last at least two years after the British government formally initiates a withdrawal process pursuant to Article 50 of the Treaty on Europe. The British government triggered Article 50 to commence the negotiation process for the terms of the United Kingdom's withdrawal from the E.U. in March 2017. The withdrawal could, among other outcomes, disrupt the free movement of goods, services and people and capital between the United Kingdom and the E.U., undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the U.K. and the E.U. or other nations (including the U.S.) as the United

Kingdom pursues independent trade relations. The initial impact of the announcement of Brexit caused significant volatility in global stock markets, including in the prices of our shares, as well as significant currency fluctuations that resulted in the strengthening of the U.S. dollar (our reporting currency) against foreign currencies in which we conduct business, namely the British pound sterling and the euro. The effects of Brexit could adversely affect our business, results of operations and financial condition.

In the broadcasting and communications sectors, there has been extensive E.U.-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 E.U. Regulation in Switzerland, which is not a member state of the E.U. and is not part of the European Economic Area, is discussed separately below.

E.U. Communications Regulation

The body of E.U. 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 and directives, that require E.U. member states to harmonize their laws, as well as certain other instruments and regulations that have direct effect without any specific adoption at the national level.

The Regulatory Framework primarily seeks open communications services in markets within Europe. It harmonizes the rules within the E.U. 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 E.U. published revisions to the Regulatory Framework. These revisions should have been transposed into the laws of the E.U. member states before May 25, 2011, although in practice, this process is still ongoing in certain E.U. member states. Despite their limited nature, certain changes to the Regulatory Framework will affect us.

Certain key provisions included in the current Regulatory Framework (including additional revisions since adoption) 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 E.U. 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 (defined below) in a relevant market. For example, the provisions of the Access Directive allow the National Regulatory Authority (the “**NRA**”) in E.U. 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 (“**Significant Market Power**”).

As part of the implementation of certain provisions of the Regulatory Framework, each E.U. member state’s NRA is required to analyze certain markets predefined by the E.U. Commission to determine if any operator or service provider has Significant Market Power. The E.U. Commission has currently recommended that there be four such predefined markets, which are subject to periodic review. NRAs might, however, continue to maintain their analysis of some of the markets from the previous 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.

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 E.U. 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 E.U. 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. E.U. 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. Must carry regulations are significantly different among E.U. member states. In some cases, these obligations go beyond what we believe is allowable under the Regulatory Framework. To date, however, the E.U. Commission has taken very limited steps to enforce E.U. law in this area, leaving must-carry obligations intact in certain E.U. member states. We do not expect the E.U. Commission or the E.U. member states to curtail such obligations in the foreseeable future.

Net Neutrality/Traffic Management. In October 2015, the European Parliament adopted the regulation on the first E.U.-wide net neutrality regime. The regulation, which is directly applicable in all E.U. member states, permits the provision of specialized services, optimized for specific content and subjects operators to reasonable traffic management requirements. The regulation also abolishes roaming tariffs beginning in June 2017. On August 30, 2016, the Body of European Regulators for Electronic Communications (BEREC) issued guidelines for implementation of the regulation. Although the guidelines are non-binding, they represent the official base on which NRAs may interpret the regulation.

The regulation provided for a transition period for the abolition of roaming tariffs beginning April 2016. During the transition period, surcharges are not to exceed the regulated maximum wholesale charges. In a simultaneous legislative process the E.U. Commission has reviewed the regulation on wholesale roaming charges. Member states have approved the agreement and it is expected to be approved by the European Parliament and adopted by the E.U. Council in the coming weeks with an effective date of June 15, 2017.

On May 6, 2015, the E.U. Commission published its Digital Single Market strategy document. The strategy is an aggregation of many different policy areas with the purpose of creating a digital single market to expand jobs and stimulate growth. The strategy includes policy review in the areas of E.U. communications regulation, broadcasting law, copyright reform and anti-competitive geo-blocking practices.

On September 14, 2016, the E.U. Commission published a proposal for the European Electronic Communications Code, which would replace the Regulatory Framework. The proposal recognizes the need for greater incentives to boost private sector investment in very high capacity networks. The proposal maintains the key elements of the Regulatory Framework, notably market analysis with remedies only being imposed on operators with Significant Market Power. The proposal captures all types of services that are relevant to consumers, not only the traditional electronic communication services as captured under the Regulatory Framework but also over-the-top services. The proposal brings greater harmonization to the timetables for spectrum licensing and renewal that will encourage investment in mobile networks and will result in more advanced services. The adoption of the proposal for the European Electronic Communications Code and its implementation into national laws by E.U. member states is not expected before the third quarter of 2018.

E.U. 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 E.U. law, in particular the Audiovisual Media Services Directive (“**AVMS**”). Generally, broadcasts originating in and intended for reception within an E.U. member state must respect the laws of that member state. Pursuant to AVMS, however, E.U. member states are required to allow broadcast signals of broadcasters established in another E.U. 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 E.U. 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 for VoD will operate in the manner described above in any individual E.U. 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.

As part of its Digital Single Market strategy, on May 25, 2016, the E.U. Commission published a proposal for the revision of the AVMS. The proposal maintains the key elements of AVMS—notably the country of origin principle and European works quota. The adoption of the proposal for the revision of the AVMS is expected in the second half of 2017. Once adopted, its implementation into national laws by E.U. member states is proposed to take place no later than 12 months thereafter.

Under the Digital Single Market strategy, in December 2015, the E.U. Commission published a proposal for a regulation addressing the portability of online audiovisual content services. Under the proposal, providers of online audiovisual content services must allow subscribers who are temporarily present in any E.U. member state to access and use those services. The intention of the proposed regulation is for subscribers to be able to enjoy the same out-of-home service in another member state. The adoption of the proposed regulation is not expected until the second half of 2017, and would become effective within nine to 12 months after adoption.

Other European Level Regulation

In addition to the industry-specific regimes discussed above, our European operating companies must comply with both specific and general legislation concerning, among other matters, data retention and electronic commerce. In December 2015, the E.U. approved the E.U. General Data Protection Regulation (“**GDPR**”) with respect to data protection and retention. The GDPR enhanced existing legal requirements through several new rules and includes stiff penalties for organizations that fail to comply. The GDPR will be directly applicable in all member states commencing in 2018. In addition, following the adoption of the GDPR, the E.U. Commission published on January 11, 2017, a proposal for an e-Privacy regulation, replacing today’s e-Privacy directive that regulates privacy related issues in the electronic communications sector. The adoption of this proposal is not expected before June 2018.

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 E.U. 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 E.U. 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 E.U. 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, which has been formally recognized by the E.U. 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 E.U. 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. These 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 E.U. 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. These additional requirements may have an impact on our costs and the customer experience.

As part of the E.U.'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 E.U. member states and the E.U. 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 E.U. member states and the E.U. 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 E.U., 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 (*Bundesgesetz über Radio und Fernsehen*). In addition, the Competition Act, the Data Protection Act and the Federal Act on the Surveillance of Post and Telecommunications are potentially relevant to our business. With respect to energy consumption of electronic home devices, the Energy Act and the revised Energy Ordinance are applicable to 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; however, it is restricted to the copper wire network of the incumbent, Swisscom. Therefore, such unbundling obligations do not apply to our business in Switzerland 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. Dominant operators are obliged to provide interconnection and all providers of services forming part of the universal service in Switzerland have to ensure interoperability of services.

In regards to call termination as part of interconnection agreements, Swisscom as market dominant provider, must offer these services at cost-oriented prices and disclose the conditions and prices for their individual access services. In interconnection agreements with Swisscom, reciprocal termination rates are imposed. The Federal Council has suggested that the current Telecommunications Act be revised. The Federal Council plans to introduce measures to allow for easier access to the incumbent's network, better consumer protection (decreasing roaming fees, unbundling of products, measures to prevent spoofing) and a change to the regulatory regime giving the Federal Communications Commission partial ex officio rights to impose obligations on market dominant providers. Further, the Federal Council will implement consumer and youth protection measures. The topic of regulated net neutrality may be introduced in the revision. 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. The proposal is expected in the fall of 2017, but would not be legally binding prior to 2020.

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 without the cable operator being entitled to compensation. Since January 1, 2015, those programs must no longer be broadcasted in analog.

Effective August 1, 2016, the Federal Council adapted its regulation on imposing power thresholds for set-top boxes to E.U.-levels. As a result, Switzerland will have the same power thresholds as member countries of the E.U.

In regards to lawful interception, the Federal Act on the Surveillance of Post and Telecommunications was abolished in Swiss Parliament's Spring Session 2016. The changes in the respective ordinance have been published and are available for public comment until the end of June 2017. Relevant issues for us are automated information disclosure and identification of all clients by ID as this would mean mandatory changes of our ordering processes.

In September 2016, the Intelligence Agencies Act was approved by the Swiss population. For Telecommunications service providers, the Intelligence Agencies Act contemplates new obligations regulating cable traffic. Following the receipt of public comments until the end of April 2017, the final version of the ordinance containing details of the implementation of the new obligations has not been presented for approval yet.

The revised version of the Data Protection Act foresees more transparency regarding the processing of data. One example is by reinforcing the information duties when processing personal data. Furthermore, the new version follows the developments in the E.U. This revised version was subject to public consultation until April 2017.

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 March 31, 2017, we, including our consolidated subsidiaries, had an aggregate of approximately 7,277 full-time equivalent employees, certain of whom belong to organised 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 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 LGE Holding. LGE Holding is in turn wholly-owned through a series of intermediate holding companies by Liberty Global. Liberty Global is the world's largest international television and broadband company, with operations in more than 30 countries across Europe, Latin America and the Caribbean. Its scale and commitment to innovation enables it to develop market-leading products delivered through next-generation networks that connected 25 million customers subscribing to 50 million television, broadband internet and telephony services at March 31, 2017. In addition, Liberty Global also served six million mobile subscribers and offered WiFi service across seven million access points.

Liberty Global's businesses are comprised of two tracking stocks: the Liberty Global Group, which primarily comprises its European operations, and the LiLAC Group, which primarily comprises its operations in Latin America and the Caribbean. The ordinary shares of the Liberty Global Group are listed on the NASDAQ Global Select Market under the symbol "LBTYA", "LBTYB", "LBTYK" and the ordinary shares of the LiLAC Group are listed on NASDAQ Global Select Market under the symbol "LILA" and "LILAK" and on the OTC market under the symbol "LILAB". The Liberty Global Group operates in 11 European countries under the consumer brands Virgin Media, Unitymedia, Telenet and UPC. The LiLAC Group operates in over 20 countries in Latin America and the Caribbean under the consumer brands VTR, FLOW, Liberty, Mas Movil and BTC. In addition, the LiLAC Group operates a subsea fiber network throughout the region in over 30 markets.

THE ISSUER

The Issuer is an exempted company incorporated in the Cayman Islands with limited liability. The Issuer was incorporated on January 25, 2012 under the Companies Law (2011 Revision) of the Cayman Islands with company registration number 265864. 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 Loan. Prior to the offering of the Notes, the Issuer did not engage in any business. The Issuer’s only material assets will be its rights under the Finco Loan advanced in connection with the offering of the Notes and its rights under certain related agreements. The Issuer is wholly dependent on payments by UPC Financing on the Finco Loan in order to service its obligations under the Notes. See “*Risk Factors—Holders of the Notes have limited recourse to the Issuer, as payments under the Notes are limited to the amount of certain payments received by the Issuer under the UPC Broadband Holding Bank Facility and the related agreements*”. The Issuer’s only material liabilities will be under the Notes, although it may issue additional notes under the Indenture in the future. See “*Description of the Notes*”. The Issuer has no material business operations, no direct subsidiaries and no employees.

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

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS OF UPC HOLDING

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.

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 UPC Holding’s consolidated financial statements. Certain of the capitalized terms used in this section are defined in the notes to the December 31, 2016 Consolidated Financial Statements.

Related-party Transactions Impacting UPC Holding’s Operating Results

	Three months ended March 31		Year ended December 31,		
	2017	2016	2016	2015	2014
	in millions				
Consolidated Statements of Operations Data:					
Revenue.....	€ 0.1	€ 0.5	€ 1.8	€ 2.3	€ 2.7
Programming and other direct costs of services	(2.2)	(2.7)	(9.4)	(9.9)	(9.5)
Other operating.....	(0.8)	(1.2)	(1.4)	(5.4)	(7.6)
SG&A	(1.0)	1.0	3.4	5.9	4.4
Allocated share-based compensation expense	(1.6)	(3.6)	(17.0)	(12.1)	(5.4)
Fees and allocations, net:					
Operating and SG&A (exclusive of depreciation and share-based compensation)	(24.9)	(29.0)	(116.8)	(114.4)	(103.5)
Depreciation	(21.3)	(18.8)	(87.4)	(62.8)	(54.5)
Share-based compensation	(8.7)	(9.0)	(27.7)	(37.4)	(12.7)
Management fee	(39.7)	(24.0)	(109.1)	(78.5)	(42.5)
Total fees and allocations, net	(94.6)	(80.8)	(341.0)	(293.1)	(213.2)
Included in operating income.....	(100.1)	(86.8)	(363.6)	(312.3)	(228.6)
Interest expense	(156.9)	(144.1)	(564.7)	(600.1)	(1,060.2)
Interest income	—	0.5	1.8	9.2	185.6
Included in net loss.....	€ (257.0)	€ (230.4)	€ (926.5)	€ (903.2)	€(1,103.2)
Property and equipment transfers, net	€ (177.7)	€ (142.7)	€ (653.1)	€ (474.6)	€ (158.2)

General

Certain Liberty Global subsidiaries 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. The methodology Liberty Global uses to allocate its central and administrative costs to its borrowing groups impacts the calculation of the “EBITDA” metric specified by our debt agreements (“**Covenant EBITDA**”). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (a) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (b) the allocation methodologies in effect during the period and (c) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to our company would decrease (increase). Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

Revenue

Amounts primarily relate to B2B related services and network maintenance services provided to certain non-consolidated affiliates.

Programming and other direct costs of services

Amounts represent certain cash settled charges from other Liberty Global subsidiaries and affiliates to UPC Holding for programming-related services and interconnect services provided to our company by certain of Liberty Global's affiliates

Other operating expenses

Amounts represent certain cash settled charges from other Liberty Global subsidiaries to UPC Holding and primarily consist of aggregate recharges for network-related services and other items provided to our company from LG B.V.

SG&A expenses

Amounts represent certain cash settled charges between Liberty Global subsidiaries and UPC Holding, primarily for information technology-related services and software maintenance services.

Allocated share-based compensation expense

Amounts are allocated to UPC Holding by Liberty Global and represent share-based compensation expense associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Share-based compensation expense is included in SG&A expenses in our condensed consolidated statements of operations.

Fees and allocations, net

Fees and allocations, net. These amounts, which are based on UPC Holding's estimated share of the applicable costs (including personnel-related and other costs associated with the services provided) incurred by other Liberty Global subsidiaries, represent the aggregate net effect of charges between our company and various Liberty Global subsidiaries that are outside of our company. These charges generally relate to management, finance, legal, technology and other services that support our company's operations. The categories of our fees and allocations, net, are as follows:

- *Operating and SG&A (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally loan settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.
- *Depreciation.* The amounts included in this category, which are generally loan settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

Liberty Global charges technology-based fees to our company using a royalty-based method. For the three months ended March 31, 2017, our €42.4 million proportional share of these technology-based costs was €2.1 million more than the actual amount charged under the royalty-based method. Accordingly, this excess amount has been reflected as a deemed contribution of technology-related services in our condensed consolidated statement of owners' deficit. The fees charged under the royalty-based method 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 Covenant EBITDA.

Interest expense

Amounts primarily include interest accrued on the UPC Holding Subordinated Shareholder Loans (as defined and described below). 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.

Interest income

Prior to their settlement during the first quarter of 2015 (as discussed below), amounts included interest income related to receivables from certain subsidiaries of Ziggo Services and UPC Ireland and from Liberty Global Operations B.V. that, prior to the UPC Transfers, were eliminated in consolidation.

Property and equipment transfers, net

These amounts, which are generally cash settled, represent the net carrying values of (i) customer premises equipment that is centrally procured by a UPC Holding subsidiary and subsequently transferred to other Liberty Global subsidiaries outside of UPC Holding and (ii) customer premises and network-related equipment acquired from other Liberty Global subsidiaries, including Liberty Global B.V. During all periods presented, the carrying values of the equipment transferred out of UPC Holding exceed the carrying values of the equipment transferred into UPC Holding.

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. The interest rate on the UPC Holding Subordinated Shareholder Loans is a fixed rate of 9.79% and accrued interest is included in other long-term liabilities until it is transferred to the loan balance at the end of each year. At March 31, 2017, the outstanding amount under the UPC Holding Subordinated Shareholder Loans was €6,087.2 million.

The net increase in the UPC Holding Subordinated Shareholder Loans balance during the first three months of 2017 includes (i) cash advances of €890.5 million, (ii) cash payments of €473.0 million and (iii) a €299.9 million non-cash decrease related to the settlement of certain related-party amounts, including the settlement of a €152.0 million long-term receivable that arose when we paid VAT on behalf of a related party. During the three months ended March 31, 2017 and 2016, none of our UPC Holding Subordinated Shareholder Loans repayments represented payments of interest. The net increase in the UPC Holding Subordinated Shareholder Loans balance during 2016 includes (a) cash advances of €3,423.8 million, (b) cash payments of €3,349.6 million, (c) additions of €546.5 million in non-cash accrued interest and (d) a €296.6 million non-cash decrease related to the settlement of related-party charges and allocations. The net decrease in the UPC Holding Subordinated Shareholder Loans balance during 2015 includes (1) a net €5,901.8 million non-cash decrease related to the UPC Transfers, including (I) a decrease of €5,371.8 million related to the non-cash consideration received for the Ziggo Services Transfer, (II) a decrease of €1,087.7 million related to the non-cash consideration received for the UPC Ireland Transfer, (III) a decrease of €634.3 million related to the transfer of the UPC Ireland Note Receivable and (IV) an increase of €1,192.0 million related to the non-cash transfer of an amount payable to another Liberty Global subsidiary into the UPC Holding Subordinated Shareholder Loans, (2) cash borrowings of €8,123.9 million, (3) cash payments of €6,788.9 million (€1,363.2 million of which was capitalized interest), (4) additions of €568.7 million in non-cash accrued interest, (5) a decrease of €453.4 million related to the non-cash settlement of a related-party receivable (see the December 31, 2016

Consolidated Financial Statements), (6) a €172.5 million non-cash increase representing the then fair value of certain derivative instruments that were novated from us to another subsidiary of Liberty Global and (7) a €171.8 million non-cash increase related to the settlement of related-party charges and allocations. The transferred payable was established through the receipt of cash that was subsequently applied to repay a portion of UPC Holding's third-party debt in connection with the Ziggo Services Transfer. 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 (none of which was capitalized interest), (C) a €2,450.0 million non-cash decrease related to the consideration received associated with the extraction of VTR GlobalCom SpA, certain of its parent entities and all of its subsidiary entities from UPC Holding in January 2014, (D) a €1,005.3 million non-cash increase related to the repayment of outstanding indebtedness under the then outstanding UPC Facilities R, S and AE (under the UPC Broadband Holding Bank Facility, 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.

UPC Equipment Note

UPC Equipment B.V. ("**UPC Equipment**"), a subsidiary of UPC Holding, and another subsidiary of Liberty Global are parties to a loan agreement (the "**UPC Equipment Note**"). The UPC Equipment Note bears interest at 9.29% and matures in March 2032. Accrued and unpaid interest on this note may, at the option of UPC Equipment, be (i) payable on the last day of each month and on the date of each full or partial repayment of the outstanding principal, (ii) added to the outstanding principal amount on January 1 of each year or (iii) payable in any other manner as agreed by the respective parties. At March 31, 2017, the outstanding amount under the UPC Equipment Note was €210.1 million. The increase in the aggregate balance of the UPC Equipment Note during the first three months of 2017 is attributable to additions of €18.3 million in non-cash accrued interest. The increase in the aggregate balance of the UPC Equipment Note during 2016 includes (a) the transfer of €14.9 million in non-cash accrued interest to the loan balance, (b) cash payments of €3.1 million and (c) cash advances of €0.1 million. The increase in the aggregate balance of the UPC Equipment Note during 2015 includes (1) cash advances of €184.7 million, (2) cash payments of €89.1 million and (3) the transfer of €5.7 million in non-cash accrued interest to the loan balance.

Tax Losses of Dutch Entities

UPC Holding and its Dutch subsidiaries are part of the Dutch Fiscal Unity. The Dutch Fiscal Unity combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch income tax purposes. The income taxes of UPC Holding and its subsidiaries are presented in UPC Holding's consolidated statements of operations on a separate return basis for each tax paying entity or group. Tax amounts allocated 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. Accordingly, any related-party tax allocations are reflected as an adjustment of parent's equity in our consolidated statements of owners' deficit. All related-party tax allocations represented tax benefits generated by UPC Dutch subsidiaries that were recorded net of applicable valuation allowances, thereby resulting in no net related-party tax allocations. Furthermore, Unitymedia International GmbH ("**UMI**") has entered into a tax integration agreement and a profit-sharing agreement with its immediate parent, Unitymedia Hessen GmbH & Co. KG (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.

Except as disclosed in this Offering Memorandum, there are no potential conflicts of interest between any duties of the members of our administrative, management or supervisory bodies towards UPC Holding and their private interests and/or other duties.

DESCRIPTION OF THE UPC BROADBAND HOLDING BANK FACILITY

The following contains a summary of the material provisions of the UPC Broadband Holding Bank Facility. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. Some of the terms used herein are defined in these agreements, and the Issuer has not included all of such definitions herein. In the following text, the terms, “we”, “our”, “our company” and “us” may refer, as the context requires, to UPC Broadband Holding or collectively to UPC Broadband Holding and its subsidiaries.

Introduction

The UPC Broadband Holding Bank Facility is a senior secured credit facility agreement originally entered into on January 16, 2004, as amended and restated from time to time, including pursuant to a deed of amendment and restatement dated February 9, 2016, and further amended and restated on December 19, 2016, 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 have agreed to make available to the Borrowers (as defined below) from time to time certain term loans and additional facilities. UPC Holding, along with certain of its subsidiaries, is a guarantor under the UPC Broadband Holding Bank Facility.

Structure

The details of borrowings under the UPC Broadband Holding Bank Facility as of March 31, 2017 are summarized in table below. For a description of this and other recent changes to borrowings under the UPC Broadband Holding Bank Facility since March 31, 2017 see, “*General Description of Our Business and the Offering—Recent Developments*”.

UPC Broadband Holding Facility	Maturity	Interest rate	Facility amount (in borrowing currency) (a)	Unused borrowing capacity (b)	Principal amount
in millions					
AK (c)	January 15, 2027	4.000%	€ 600.0	€ —	€ 600.0
AL (c)	January 15, 2025	5.375%	\$ 1,140.0	—	1,065.7
AM.....	December 31, 2021	EURIBOR + 2.75%	€ 990.1	990.1	—
AO	January 15, 2026	3.000%	€ 600.0		600.0
AP	April 15, 2025	2.75%	\$ 2,150.0		2,009.9
Elimination of Facilities AK and AL in consolidation (c)				—	(1,665.7)
Total.....				€ 990.1	€ 2,609.9

(a) Amounts represent total third-party facility amounts at March 31, 2017 without giving effect to the impact of discounts.

(b) Based on UPC Holding’s covenant compliance calculations as of March 31, 2017, the full €990.1 million of unused borrowing capacity was available to be borrowed. UPC Facility AM has a fee on unused commitments of 1.1% per year.

(c) As further discussed in the below description of the UPCB SPE Notes, the amounts outstanding under UPC Facilities AK and AL are eliminated in our consolidated financial statements.

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 and 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). The applicable margin for each additional facility is set forth in the applicable accession deed. 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 80% of the consolidated EBITDA of the Borrower Group. If at any time the Obligors account for more than 80% of the consolidated EBITDA of the Borrower Group, the Security Agent may release specified Obligors from any guarantees, indemnities and/or Security Documents to which it is a party.

The indebtedness under the UPC Broadband Holding Bank Facility is primarily secured by way of a pledge over the shares of each holding company in each of the main jurisdictions in which the Borrower Group operates. In addition, pledges over certain intercompany receivables and Subordinated Shareholder Loans have also been granted.

Prepayment

In addition to scheduled repayments of principal, facilities under the UPC Broadband Holding Bank Facility must be prepaid: (i) if the requisite lenders so require, upon the occurrence, of a change of control; (ii) with the proceeds of certain assets disposals, in each case as described therein; and (iii) in respect of any individual Lender, where it becomes unlawful for that Lender to fund or otherwise meet its obligations under the UPC Broadband Holding Bank Facility, in each case as described therein.

Further, the indebtedness under the UPC Broadband Holding Bank Facility may be voluntarily prepaid in whole or in part, on giving at least three business days' (or such other time period as agreed between UPC Broadband and the facility agent) prior written notice and in a minimum amount of €10,000,000 (or its equivalent in U.S. dollars or other currency). 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, and, in certain cases, UPC Holding to, among 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;
- sell, transfer, lease out, lend, cease to exercise direct control over or otherwise dispose of any part of its assets, rights, revenue or shareholdings;
- enter into certain acquisitions and merger transactions;
- grant or permit to subsist any guarantees 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 “Restricted Persons” (defined as the Ultimate Parent, any other company (not being a member of the Borrower Group) which is a Subsidiary of, or an Associated Company of, the Ultimate Parent (other than Associated Companies of the Ultimate Parent which are its Associated Companies by virtue of controlling the Ultimate Parent or owning beneficially and/or legally directly or indirectly 10 per cent. or more of the equity interests in the Ultimate Parent) and, following any Parent Joint Venture Transaction, any Joint Venture Parent, any Subsidiary of the JV Parent and any Parent JV Holders; and
- issue shares of any class to any person.

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, and by the Proposed Amendments.

Borrowers: UPC Broadband Holding together with any member of the Borrower Group (as defined below) which becomes an “**Additional Borrower**”.

Guarantors: UPC Financing, UPC Holding, UPC Broadband Holding, UPC Holding II B.V., UPC Switzerland Holding B.V., UPC Broadband B.V., UPC France Holding B.V., UPC Western Europe Holding B.V., UPC Western Europe Holding 2 B.V., and UPC Poland 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 Broadband Holdco, UPC Holding, UPC Holding II B.V. and any Subsidiary of UPC Broadband Holding that is a Holding Company of all other Subsidiaries of UPC Broadband Holding) 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 80% 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**”.

Borrower Group: Borrower Group means:

- (a) UPC Broadband Holding and any Permitted Affiliate Parent and each of their direct and indirect Subsidiaries from time to time excluding any “Borrower Group Excluded Subsidiary” (defined as (a) any Subsidiary of UPC Broadband or any Subsidiary of any Permitted Affiliate Parent which is a Dormant Subsidiary and which is not a Guarantor; (b) any Unrestricted Subsidiary; (c) any Subsidiary of UPC Broadband or any Subsidiary of any Permitted Affiliate Parent which is a Project Company; (d) any Asset Securitisation Subsidiary; and (e) any company which becomes a Subsidiary of UPC Broadband Holding or a Subsidiary of any Permitted Affiliate Parent pursuant to an Asset Passthrough, unless otherwise specified as a member of the Borrower Group by UPC Broadband Holding on 10 Business Days’ notice); and
- (b) UPC Financing.

An “**Unrestricted Subsidiary**” means each subsidiary of UPC Broadband Holding or Subsidiary of any Permitted Affiliate Parent, which is not an Obligor and which is designated by UPC Broadband or any Permitted Affiliate Parent in writing as an Unrestricted Subsidiary.

Facility Agent and Security Agent:

The Bank of Nova Scotia.

Majority Lenders:

Lenders whose undrawn commitments and participations in outstanding advances under the UPC Broadband Holding Bank Facility exceed 50% of the aggregate undrawn commitments and outstanding advances.

If such commitments or participations in advances are denominated in a currency other than euro they are translated into euros.

Material Adverse Effect:

Any event or circumstance which has a material adverse effect on the ability of the Obligors (as a whole) to perform their payment obligations under any of the finance documents (“**MAE**”).

Additional Facilities:

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 “—*Structure*” and “*General Description of Our Business and the Offering—Recent Developments*”.

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.

Under each Additional Facility Accession Agreement, each Lender thereunder agrees to 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.

Upon the relevant person becoming a Lender, the total commitments under the UPC Broadband Holding Bank Facility will be increased by the amount specified in the Additional Facility Accession Agreement.

Execution of the Additional Facility Accession Agreement by UPC Broadband Holding and the relevant Borrower constitutes confirmation by each Guarantor that its guarantee obligations shall extend to the increased total commitments but otherwise continue unaffected.

The aggregate principal amount of any Additional Facility shall not exceed the aggregate sum of:

- (i) an unlimited amount, provided that on the date of such incurrence and after giving effect to the making of any Additional Facility pursuant to an Additional Facility Accession Agreement on a pro forma basis, Senior Net Debt to Annualised EBITDA is equal to or less than 4.50:1;
- (ii) if the proceeds of the Additional Facility are being used to refinance existing indebtedness that ranks pari passu or senior in the right of security to the Facilities, an amount equal to the accrued interest, premiums and other amounts owing or paid; and
- (iii) any amount of Financial Indebtedness available to be incurred as defined therein,

provided that, any Additional Facility may be incurred by UPC Broadband in its sole discretion who may elect to incur Additional Facilities prior under subparagraph (i) prior to using amounts available under sub-paragraph (iii) and amounts incurred pursuant to sub-paragraph (iii) substantially concurrently with amounts incurred pursuant to sub-paragraph (i) will not count as Financial Indebtedness for the purposes of calculating Senior Net Debt, (the “**Additional Facilities Cap**”).

There shall be no limit on the aggregate principal amount of any proposed Additional Facility (“**Refinancing Additional Facility**”) to the extent established in exchange for, or to extend, renew, replace, repurchase, retire or refinance, in whole or in part, existing Advances or Commitments, provided that if the obligations under such Refinancing Additional Facility do not rank equal to or junior to such existing Advances and Commitments, the principal amount of such Refinancing Additional Facility shall not exceed an amount equal to the Additional Facilities Cap. A Refinancing Additional Facility may only be established if the relevant conditions listed therein are met.

Purpose: Each advance will be applied to finance the general corporate and working capital purposes of the Borrower Group, including to finance capital expenditure and the making of acquisitions by the Borrower Group and the repayment or prepayment of any additional facilities.

Final Maturity Date: Maturity dates are set out in each relevant Additional Facility Accession Agreement. There are currently Additional Facilities with maturities extending until January 15, 2027.

Interest: Under the UPC Broadband Holding Bank Facility the rate of interest for each advance (for an interest period of one, two, three or six months at the relevant Borrower’s option, or such other period of up to 12 months as agreed with the Lenders whose commitments under the relevant facility that aggregate more than 50% of the aggregate commitments under that facility may agree) is expressed to be the rate per annum determined by the Facility Agent to be the aggregate of:

- (a) the applicable margin; and

- (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).

The margin for each Additional Facility is set out in the relevant Additional Facility Accession Agreement.

There is nothing in the UPC Broadband Holding Bank Facility which restricts an Additional Facility from having a fixed interest rate.

Interest is payable on the last day of each interest period but not less than semi-annually.

Default margin for unpaid amounts shall be 2% above the standard margin level.

Repayment:

The repayment profile of each Additional Facility is set out in the relevant Additional Facility Accession Agreement.

Mandatory Prepayment: Mandatory prepayment is required in the circumstances set out in greater detail in the UPC Broadband Holding Bank Facility, including in the circumstances and in the amounts described below:

- (a) at the option of the Majority Lenders, each Additional Facility will be cancelled and all amounts outstanding will be prepaid, following the occurrence of any of the following, subject to the exceptions set forth in the UPC Broadband Holding Bank Facility:
- (i) the Controlling Company ceases to be the direct or indirect legal and beneficial owner of more than 50% of the voting rights attaching to the issued share capital of, or otherwise ceases to Control, UPC Holding (or such other company as is the immediate holding company of UPC Broadband Holding from time to time) (“**UPC Broadband Holdco**”) or, after a Permitted Affiliate Group Designation Date, a Permitted Affiliate Parent; or
 - (ii) 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
 - (iii) UPC Broadband Holdco and UPC Holding II B.V. ceasing to be the legal and beneficial owners of 100% of the partnership interests in, or otherwise ceasing to Control, UPC Financing; or
 - (iv) the sale, lease, transfer, conveyance or other disposition (other than by way of a merger or consolidation) in one or a series of related transactions, of all or substantially all of the assets of UPC Broadband Holding, a Permitted Affiliate Parent (after any Permitted Affiliate Group Designation Date) and the restricted subsidiaries (taken as a whole) to any “person” other than a Permitted Holder (other than as a result of the transfer of receivables to any Asset Securitisation Subsidiary in connection with any asset securitisation programme or programmes and/or one or more factoring transactions); or

- (v) after a Permitted Affiliate Group Designation Date, any Permitted Affiliate Holdco ceases to be the beneficial owner directly or indirectly of 100 per cent. of the total voting power of the voting stock of any Permitted Affiliate Parent

(any of the events described (i) to (v) above being a “**Change of Control**”).

- (b) upon the receipt of Net Proceeds from any asset disposal, subject to the exceptions and reinvestment rights set forth in the UPC Broadband Holding Bank Facility, UPC Broadband Holding is required to procure that an amount of the Facilities is prepaid which is equal to the lesser of the amount of the Net Proceeds of such a disposal; and (ii) an amount so as to ensure that the financial ratios would not be breached if such financial ratio was tested or re-tested for that most recent Ratio Period taking into account the proposed disposal (on a pro forma basis) all disposals made since the last day of that ratio period and the amount of such prepayment (but ignoring such Net Proceeds), provided that there shall be no requirement to make a payment if the financial ratio was not required to be tested for the most recent Ratio Period ending prior to the receipt of such Net Proceeds.

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).

In respect of any individual Lender, where it is or will become unlawful for that Lender to give effect to any of its obligations as contemplated by the UPC Broadband Holding Bank Facility or to fund or allow to remain outstanding all or part of its participations in any advances under the UPC Broadband Holding Bank Facility.

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 three business days’ (or such other time period as agreed between UPC Broadband Holding and the facility agent) prior written notice 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.

Any prepayment, other than on an interest payment date shall incur broken funding costs.

Cancellation: Any unutilized commitment of any Additional Facility may be cancelled, in whole or in part, at any time on three business days’ (or such other time period as agreed between UPC Broadband Holding and the facility agent) prior written notice. 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 Switzerland Holding B.V.;
 - (iv) UPC Broadband B.V.;
 - (v) UPC Western Europe Holding B.V.;
 - (vi) UPC France Holding B.V.;
 - (vii) UPC Western Europe Holding 2 B.V. (formerly known as UPC Nederland B.V.);
 - (viii) UPC Poland Holding B.V.; and
 - (ix) Liberty Global Services 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 license and authorizations are in full force and effect;
- (f) all environmental licenses have been acquired, environmental law compliance and no material environmental claims;
- (g) accuracy and basis of preparation of accounts to be delivered;
- (h) no litigation or similar proceedings;
- (i) ownership, maintenance and non-infringement of intellectual property rights;
- (j) relevant United States regulations compliance;
- (k) anti-terrorism laws;
- (l) non-engagement in business of extending credit for purchasing or carrying margin stock;
- (m) compliance with U.S. Investment Company Act of 1940, as amended;
- (n) compliance with sanctions regulations; and
- (o) The representations and warranties listed (a) to (n) 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 on or following any Permitted Affiliate Group Designation Date, the Common Holding Company (as defined in the UPC Broadband Holding Bank Facility), as soon as available and within 150 days of financial year end;

- (ii) unaudited quarterly consolidated management accounts of UPC Broadband Holdco on or following any Permitted Affiliate Group Designation Date, the Common Holding Company, 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; and
 - (iv) annual and quarterly compliance certificates in an agreed format;
- (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 a substantial change to the business of the Borrower Group taken as a whole;
- (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 amounts, in each case, to “Restricted Persons” (defined as the Ultimate Parent, any other company (not being a member of the Borrower Group) which is a Subsidiary of, or an Associated Company of, the Ultimate Parent (other than Associated Companies of the Ultimate Parent which are its Associated Companies by virtue of controlling the Ultimate Parent or owning beneficially and/or legally directly or indirectly 10 per cent. or more of the equity interests in the Ultimate Parent));
- (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) maintenance, protection, preservation, of intellectual property rights;
- (p) restriction on reduction, purchase or redemption of any class of shares or other ownership interest;
- (q) 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);
- (r) restrictions on the issue of shares by members of the Borrower Group;
- (s) 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;
- (t) 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;
- (u) Borrower Group members to maintain a financial year-end of December 31;
- (v) no amendments to the constitutive documents of members of the Borrower Group;
- (w) compliance with ERISA;
- (x) proceeds of any loan made to UPC Financing by UPC Broadband Holding or UPC Holding II B.V. and the proceeds of any drawing by UPC Financing, to be invested in the Borrower Group by way of intercompany loan or equity subscription; and
- (y) Limited Condition Transactions.

Financial Covenants:

The UPC Broadband Holding Bank Facility requires UPC Broadband Holding to procure the maintenance of the following financial ratio (as defined therein) and sets out specific ratios to be met in relation to the below for each Ratio Period to be tested quarterly:

- (i) ratio of senior net debt to annualized EBITDA to be no more than 4.75:1;

unless otherwise agreed in writing between the Composite Revolving Facility Instructing Group and UPC Broadband Holding.

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 subsidiary 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 distribution business;
- (l) breach by a subordinated creditor of obligations or warranties under the intercreditor agreement or pledge of the UPC Holding Subordinated Shareholder Loans;
- (o) loss, breach or failure to renew material licenses;
- (p) event or series of events reasonably likely to have an MAE;
- (q) certain ERISA events; and
- (r) acceleration by the Composite Revolving Facility Instructing Group following breach of the financial ratio.

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 INTERCREDITOR AGREEMENT WITH RESPECT TO THE UPC BROADBAND HOLDING BANK FACILITY

The following contains a summary of the material provisions of the intercreditor agreement (originally executed as a security deed on 16 January 2004), and as amended and/or amended and restated from time to time, by, among others, various creditors of UPC Holding together with the Effective Date Debtors, the Effective Date Senior Lenders, the Effective Date Subordinated Creditors, the Effective Date Intra-Group Lenders, the Senior Agent, the Security Agent and the Hedge Counterparties, as defined therein or as set out below.

The Financial Institutions: Lenders (as defined in the Senior Facilities Agreement)

**The Effective Date Intra-UPC Financing Partnership
Group Lenders:**

UPC Broadband Holding B.V. (previously called UPC Distribution Holding B.V.)

UPC Holding II B.V.

UPC Holding B.V.

UPC France Holding B.V.

UPC Western Europe Holding B.V.

UPC Western Europe 2 Holding B.V.

UPC Poland Holding B.V. (previously called UPC Telecom B.V.)

UPC Broadband B.V.

UPC Switzerland Holding B.V.

UPC CEE Holding B.V. (previously called UPC Czech Holding B.V.)

UPC DTH Leasing S.à.r.l.

UPC DTH S.à.r.l.

The Effective Date UPC Holding B.V.
Subordinated Creditors:

The Hedge Counterparties: (a) each credit institution which is party to this Agreement or the Existing Security Deed (as defined in the Original Senior Facilities Agreement) as a senior hedging bank or a high yield hedging bank on the Effective Date; and (b) any Acceptable Hedge Counterparty which becomes Party as a Hedge Counterparty pursuant to Clause 22.11 (Creditor Accession Undertaking) to the extent permitted or not prohibited by each of the Debt Documents; and, in each case, which has not ceased to be a Hedge Counterparty in accordance with this Agreement.

Upon Accession each Agent under and as defined in a Second Lien Facilities Agreement which accedes to this Agreement pursuant to Clause 22.11 (Creditor Accession Undertaking).

Second Lien Agent:

Second Lien Lender: “Lender” (or equivalent) under and as defined in any Second Lien Facilities Agreement.

Second Lien Notes Trustee: any entity acting as a trustee or representative under any issue of Second Lien Notes and which accedes to this Agreement pursuant Clause 22.13 (Accession of Second Lien Notes Trustee).

Senior Secured Notes Trustee: any entity acting as a trustee or representative under any issue of Senior Secured Notes and which accedes to this Agreement pursuant to Clause 22.13 (Accession of Senior Secured Notes Trustee).

High Yield Notes Trustee: any entity acting as a trustee or representative under any issue of High Yield Notes and which accedes to this Agreement pursuant to Clause 22.12 (Accession of High Yield Notes Trustee).

Pari Passu Debt Representative: any entity acting as trustee or creditor representative for the Pari Passu Creditors under any Pari Passu Debt Document and which accedes to this Agreement pursuant to Clause 22.6 (New Pari Passu Creditors and Pari Passu Debt Representatives).

The Intercreditor Agreement regulates the relationship and rights between these creditors, including (but not limited to) the ranking of their claims, the enforcement of security, the turnover of proceeds and the sharing of losses. Capitalised terms used in this section shall have the meaning given to them in the Intercreditor Agreement unless otherwise defined herein.

Ranking and Priority

The Intercreditor Agreement provides that, the liabilities owed by the Debtors (other than a HY Issuer) to the Primary Creditors shall rank as follows:

- First: the Senior Lender Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Debt Liabilities, the Hedging Liabilities, the Agent Liabilities, the Arranger Liabilities, the Second Lien Liabilities, the Senior Secured Notes Trustee Amounts, the Second Lien Notes Trustee Amounts, the High Yield Notes Trustee Amounts and the Pari Passu Debt Representative Amounts (pari passu among themselves); and
- Second: the High Yield Note Liabilities (pari passu among themselves)

The liabilities owed by a HY Issuer to the Primary Creditors shall rank in right and priority of payment pari passu between themselves and without any preference between them.

The Intercreditor Agreement provides that the Transaction Security shall rank and secure the following Liabilities in the following order:

- First, the Senior Lender Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Debt Liabilities, the Senior Agent Liabilities, the Senior Arranger Liabilities, the Senior Secured Notes Trustee Amounts, the Pari Passu Debt Representative Amounts and the Hedging Liabilities (but, in the case of Transaction Security granted under the Pre-Effective Date Security Documents, only to the extent that such Transaction Security is expressed to secure those Liabilities, but without prejudice to Clause 17 (Application of Proceeds) and Clause 18 (Equalisation) of the Intercreditor Agreement), pari passu and without any preference between them; and
- Second, the Second Lien Liabilities.

Undertakings

In order to facilitate the ranking as described, certain parties to the Intercreditor Agreement have provided undertakings restricting their ability to take various steps that might affect such ranking. In particular:

- The debtors in respect of the Subordinated Liabilities (each a “**Subordinated Creditor**”) and the Debtors have undertaken, among other things, that they will not, until the Final Discharge Date, pay, permit any security to subsist for, or give any guarantee in respect of, the Subordinated Liabilities, except for, among others, Permitted Subordinated Creditor Payments.
- Prior to the later of (a) Senior Lender Discharge Date; (b) the Senior Secured Notes Discharge Date; and (c) the Pari Passu Debt Discharge Date, the debtors shall not, and UPC Broadband shall procure that no other member of the Group will, make any Payment of the Hedging Liabilities at any time unless such Payment or the taking of receipt of such Payment is permitted.
- The Senior Lenders, the Pari Passu Creditors and the Senior Secured Notes Creditors have undertaken not to obtain, take or receive from any Debtor, any member of the Group or any Security Grantor, the benefit of any security interest, guarantee, indemnity or other assurance against loss in respect of the Senior Lender Liabilities, the Pari Passu Debt Liabilities or the Senior Secured Notes Liabilities other than under the Security Facilities Agreement, this Agreement or any Common Assurance which is given to all the Senior Secured Parties in respect of their Liabilities and ranks in the same order of priority as that contemplated in the Intercreditor Agreement.

Turnover

The Intercreditor Agreement contains a covenant which, among other things, requires any Creditor that receives or recovers a payment or distribution of, or on account of or in relation to, any of the Liabilities, except where such payment or distribution is excluded or permitted, that Creditor will hold that payment on trust for the Security Agent and pay the required amounts to the Security Agent for application in accordance with the terms of the Agreement.

Security—Enforcement

The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise by:

- (i) the Instructing Group; or
- (ii) if required under paragraph (c) below, the Majority Second Lien Creditors.

Subject to the Transaction Security having become enforceable in accordance with its terms:

- (i) the Instructing Group; or
- (ii) to the extent permitted to enforce or to require the enforcement of the Transaction Security prior to the Senior Discharge Date, the Majority Second Lien Creditors,

may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Transaction Security as they see fit.

Prior to the Senior Discharge Date:

- (i) if the Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or
- (ii) in the absence of instructions from the Instructing Group,

and, in each case, the Instructing Group has not required any Debtor to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the Majority Second Lien Creditors are then entitled to give to the Security Agent.

If at any time the Majority Second Lien Creditors are then entitled to give the Security Agent instructions to enforce the Transaction Security and the Majority Second Lien Creditors either give such

instructions or indicate any intention to give such instructions, then either the Senior Agent or the Senior Secured Notes Representative(s) may give instructions to the Security Agent to enforce the Transaction Security as such Senior Agent or the Senior Secured Notes Representative(s) sees fit in lieu of any instructions to enforce given by the Majority Second Lien Creditors and the Security Agent shall act on the first such instructions received from the Senior Agent or the Senior Secured Notes Representative(s).

“Instructing Group” means at any time:

- a) prior to the Senior Secured Discharge Date, the Majority Senior Secured Creditors;
- b) on or after the Senior Secured Discharge Date but before the Second Lien Discharge Date, the Majority Second Lien Creditors; and
- c) on or after the later of the Senior Secured Discharge Date and the Second Lien Discharge Date but before the High Yield Discharge Date, the Majority High Yield Creditors (acting through the relevant High Yield Representative(s)).

“Majority Second Lien Creditors” means, at any time, those Second Lien Creditors whose Second Lien Credit Participations at that time aggregate more than 50% of the total Second Lien Credit Participations at that time.

Security—Distribution of Proceeds

The Intercreditor Agreement provides that all amounts received or recovered by the Security Agent pursuant to the terms of any Debt Document, except as stated therein, are to be applied by the Security Agent in the following order:

- a) in discharging any sums owing to the Security Agent, any Receiver or any Delegate on a pari passu basis;
- b) in discharging any sums owing to the Senior Agent (in respect of the Senior Agent Liabilities), any sums owing to the Second Lien Agent, any sums owing to a Pari Passu Debt Representative and any Senior Secured Notes Trustee Amounts, Second Lien Notes Trustee Amounts or High Yield Notes Trustee Amounts on a pari passu basis;
- c) in payment of all costs and expenses incurred by any Agent or Senior Secured Creditor in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of this Agreement;
- d) in payment to the Senior Agent on its own behalf and on behalf of the Arrangers and the Senior Lenders, each Pari Passu Debt Representative on its own behalf and on behalf of the Pari Passu Creditors, each Senior Secured Notes Representative on its own behalf and on behalf of the Senior Secured Notes Creditor and the Hedge Counterparties, for the application towards the discharge of
 - the Senior Arranger Liabilities and the Senior Lender Liabilities (in accordance with the terms of the Senior Finance Documents);
 - the Pari Passu Debt Liabilities (in accordance with the terms of the Pari Passu Debt Documents);
 - the Senior Secured Notes Liabilities (in accordance with the terms of the Senior Secured Notes Finance Documents); and
 - the Hedging Liabilities (on a pro rata basis between the Hedging Liabilities of each Hedge Counterparty)

on a pro rata basis and ranking pari passu between the above sub paragraphs above in payment to each Second Lien Representative on its own behalf and on behalf of the other Second Lien Finance Parties (other than the Security Agent) for application (in accordance with the terms of the Second Lien Finance Documents) towards the discharge of the Second Lien Liabilities on a pro rata and pari passu basis;

- e) in payment to each High Yield Representative on its own behalf and on behalf of the High Yield Notes Finance Parties for application towards the discharge of the High Yield Notes Liabilities; and
- f) to the extent there is a surplus, to the relevant Debtor or Security Grantor.

Required Consents

The Intercreditor Agreement provides that, subject to certain exceptions, it and/or a security document may be amended or waived only with the consent of the Agents, the Majority Lenders, the Majority Second Lien Lenders, the Senior Secured Notes Trustee, the Pari Passu Debt Representative, the High Yield Notes Trustee, the Security Agent and UPC Broadband Holding.

An amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other things, the provisions set out in this section under the caption “—Required Consents”, the provisions set out above under the caption “—Application of Proceeds” or the order of priority or subordination under the Agreement shall not be made without the consent of:

- (i) the Agents;
- (ii) the Senior Lenders;
- (iii) the Second Lien Lenders;
- (iv) the Pari Passu Debt Representative;
- (v) the Senior Secured Notes Trustee;
- (vi) the High Yield Notes Trustee;
- (vii) each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty); and
- (viii) the Security Agent.

The Intercreditor Agreement and/or security document may be amended by the Senior Agent, the Second Lien Agent, the Senior Secured Notes Representative, the Second Lien Notes Representative, the Pari Passu Debt Representative, the High Yield Notes Representative and the Security Agent, without the consent of any other party, to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or as otherwise prescribed by the relevant finance documents.

Each note trustee will, to the extent consented to by the requisite percentage of Noteholders in accordance with the relevant indenture, act on such instructions in accordance therewith unless to the extent any amendments so consented to relate to any provision affecting the rights and obligations of a trustee in its capacity as such.

Amendments and Waivers: Security Documents

Subject to the paragraph below and to certain exceptions under the Intercreditor Agreement and unless the provisions of any debt document expressly provide otherwise, the Security Agent may, if authorised by an Instructing Group, and if UPC Broadband Holding consents, amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party to the Intercreditor Agreement.

Subject to the second and third paragraphs of the section captioned “—*Exceptions*” below, the prior consent of each class of the Senior Agent, the Second Lien Agent, each Senior Secured Notes Trustee, each Pari Passu Debt Representative, each High Yield Notes Trustee and each Hedge Counterparty is required to authorise any amendment or waiver of, or consent under, any security document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed.

Exceptions

Subject to the last paragraph under this caption “—*Exceptions*”, if the amendment, waiver or consent may impose new or additional obligations on, or withdraw or reduce the rights of, any party (other than in the case of a Primary Creditor, in a way which affects, or would affect, Primary Creditors of that party’s class generally or in the case of a Debtor, to the extent consented to by UPC Broadband Holding under the Intercreditor Agreement), then the consent of that party is required.

Subject to the paragraph immediately below, an amendment, waiver or consent which relates to the rights or obligations of an agent, an arranger, the Security Agent (including, without limitation, any ability of the Security Agent to act in its discretion under the Intercreditor Agreement) may not be effected without the consent of that agent or, as the case may be, that arranger or the Security Agent.

Neither of the two immediately preceding paragraphs shall apply to any release of security, claim or liabilities or to any consent which, in each case, the Security Agent gives in accordance with the provisions set out in the caption “—*Proceeds of Disposals*” above. The two immediately preceding paragraphs shall apply to an Arranger only to the extent that Arranger Liabilities (as defined in the Intercreditor Agreement) are then owed to that Arranger.

Agreement to Override

Unless expressly stated otherwise in the Intercreditor Agreement or the supplemental deed which amends and restates the Intercreditor Agreement (in the form of the Intercreditor Agreement), the Intercreditor Agreement overrides anything in the debt documents to the contrary. However, such override, as between any creditor, any Debtor or any member of the Borrower Group, will not cure, postpone, waive or negate any breach, default or event of default under any debt document as provided in the relevant debt document.

Equalization of the Senior Secured Creditors

The Intercreditor Agreement provides that if, for any reason, any Senior Secured Liabilities remain unpaid after the Enforcement Date and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective Exposures at the enforcement date bore to the aggregate exposures of all the Senior Secured Creditors at the Enforcement Date, the Senior Secured Creditors (subject, in the case of amounts owing to the trustees, to the terms of the Intercreditor Agreement) will make such payments amongst themselves as the Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

The following contains a summary of the material provisions of the Existing Notes, the UPCB 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. Unless otherwise indicated, convenience translations into euro are calculated as of March 31, 2017.

DESCRIPTION OF OTHER INDEBTEDNESS OF UPC HOLDING

The following contains a summary of the material provisions of the intercreditor deed with respect to the UPOCH Notes, the UPC Holding Facility, the UPC Broadband Holding Bank Facility and certain intercompany loans. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. Some of the terms used herein are defined in these agreements, and the Issuer has not included all of such definitions herein. In the following text, the terms, “we”, “our”, “our company” and “us” may refer, as the context requires, to UPC Holding or collectively to UPC Holding and its subsidiaries. Unless otherwise indicated, convenience translations into euros are calculated as of March 31, 2017.

€600 million 6³/₈% Senior Notes

On September 21, 2012, we issued the 6³/₈% Notes. The 6³/₈% Notes mature on September 15, 2022. The 6³/₈% Notes benefit from the intercreditor arrangements described below. The 6³/₈% Notes are senior obligations that rank equally with all of our existing and future senior debt and are senior to all of our existing and future subordinated debt. The 6³/₈% Notes are secured by a second ranking pledge over the shares of UPC Holding. In addition, the 6³/₈% Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €50.0 million or more in the aggregate of UPC Holding or its Restricted Subsidiaries (as defined in the indenture), including UPC Broadband Holding and UPC Financing, is an event of default under the 6³/₈% Notes.

At any time prior to September 17, 2017, we may redeem some or all of the 6³/₈% Notes by paying a specified “make-whole” premium.

On or after September 15, 2017, we may redeem some or all of the 6³/₈% Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date, if redeemed during a specified 12 month period. In addition, at any time prior to September 15, 2015, we may redeem up to 40% of the 6³/₈% 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 6³/₈% Notes at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law. If we or certain of our subsidiaries sell certain assets or experience specific changes in control, we must offer to repurchase the 6³/₈% Notes at a redemption price of 101%.

UPC Holding intends to use the net proceeds of the 3⁷/₈% Notes to redeem in full the outstanding 6³/₈% Notes, together with accrued and unpaid interest and related premium, in accordance with the terms of the indenture governing the 6³/₈% Notes. See “General Description of UPC Holding’s Business, the Issuer and the Offer—Recent Developments of UPC Holding”.

€450 million 6³/₄% Senior Notes and CHF 350 million 6³/₄% Senior Notes

On March 26, 2013, we issued the 6³/₄% Notes. The 6³/₄% Notes mature on March 15, 2023. The 6³/₄% Notes benefit from the intercreditor arrangements described below. The 6³/₄% 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 6³/₄% Notes are secured by a third ranking pledge over the shares of UPC Holding. In addition, the 6³/₄% 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 6³/₄% Notes.

At any time prior to March 15, 2018, we may redeem some or all of the 6³/₄% Notes by paying a specified “make-whole” premium.

On or after March 15, 2018, we may redeem some or all of the 6³/₄% 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 6³/₄% 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 6³/₄% 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 6³/₄% Notes at a redemption price of 101%.

UPCB Finance IV Notes and Facility AK and Facility AL under the UPC Broadband Holding Bank Facility

On April 15, 2015, UPCB Finance IV Limited, a special purpose financing company created for the primary purpose of issuing senior secured notes and owned 100% by a charitable trust, issued (i) €600.0 million principal amount of 4% senior secured notes (the “**UPCB Finance IV Euro Notes**”) and (ii) \$800.0 million (€708.1 million equivalent at the transaction date) principal amount of 5³/₈% senior secured notes (the “**UPCB Finance IV Original Dollar Notes**”) resulting in combined gross proceeds of €1,308.1 million (equivalent at the transaction date). On May 20, 2015, UPCB Finance IV Limited issued an additional \$340.0 million (€306.4 million equivalent at the transaction date) principal amount of 5³/₈% senior secured notes (the “**UPCB Finance IV Additional Dollar Notes**”, together with the UPCB Finance IV Original Dollar Notes, the “**UPCB Finance IV Dollar Notes**”; the UPCB Finance IV Dollar Notes together with the UPCB Finance IV Euro Notes, the “**UPCB Finance IV Notes**”) resulting in gross proceeds of \$338.3 million (€304.8 million equivalent at the transaction date). UPCB Finance IV Limited used the proceeds from the UPCB Finance IV Euro Notes and the UPCB Finance IV Dollar Notes to fund the new Facility AK and Facility AL, respectively, 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 AK and Facility AL to reduce or repay in full outstanding amounts under Facilities AC, AD, AI, Z and Y under the UPC Broadband Holding Bank Facility, to pay certain fees and expenses to UPCB Finance IV Limited in connection with the issuance of the UPCB Finance IV Notes, and for general corporate purposes.

UPCB Finance IV Limited is dependent on payments from UPC Financing under Facility AK and Facility AL in order to service its payment obligations under the UPCB Finance IV Euro Notes and the UPCB Finance IV Dollar Notes, respectively. Although UPC Financing has no equity or voting interest in UPCB Finance IV Limited, the Facility AK and Facility AL loans create a variable interest in UPCB Finance IV 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 IV Limited following the issuance of the UPCB Finance IV Notes. Accordingly, the amounts outstanding under Facility AK and Facility AL are eliminated within UPC Holding’s consolidated financial statements.

The UPCB Finance IV Notes have been issued pursuant to an indenture, dated April 15, 2015. Facility AK is made pursuant to an Additional Facility AK Accession Agreement (the “**Facility AK Accession Agreement**”) and Facility AL is made pursuant to an Additional Facility AL Accession Agreement (the “**Facility AL Accession Agreement**”). Pursuant to the Facility AK Accession Agreement and the Facility AL Accession Agreement, the call provisions, maturity and applicable interest rate for Facility AK and Facility AL, respectively, are the same as those of the UPCB Finance IV Euro Notes and the UPCB Finance IV Dollar Notes, respectively. UPCB Finance IV 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 Finance IV Notes and the security interests over (i) all of the issued shares of UPCB Finance IV Limited, (ii) Facility AK, granted to secure UPCB Finance IV’s obligations under the UPCB Finance IV Euro Notes, and (iii) Facility AL, granted to secure UPCB Finance IV’s obligations under the UPCB Finance IV Dollar Notes, the holders of the UPCB Finance IV Notes are provided indirectly with the benefits, rights, protections and covenants, granted to UPCB Finance IV Limited as a lender under the UPC Broadband Holding Bank Facility.

UPCB Finance IV Limited is prohibited from incurring any additional indebtedness, subject to certain exceptions under the indenture governing the UPCB Finance IV Notes.

The UPCB Finance IV Euro Notes are non-callable until January 15, 2021. At any time prior to January 15, 2021, upon the occurrence of an Early Redemption Event (being a voluntary prepayment of all or a

portion of Facility AK), UPCB Finance IV Limited will redeem an aggregate principal amount of the UPCB Finance IV Euro Notes equal to the amount of Facility AK prepaid (not to exceed an amount equal to 10% of the original aggregate principal amount of the UPCB Finance IV Euro Notes, including any additional notes, during each twelve-month period), at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date. At any time prior to January 15, 2021, upon the occurrence of an Early Redemption Event (as defined in the indenture), UPCB Finance IV Limited will redeem an aggregate principal amount of the UPCB Finance IV Euro Notes equal to the amount of Facility AK prepaid (in excess of an amount equal to 10% of the original aggregate principal amount of the UPCB Finance IV Euro Notes, including any additional notes, during each twelve-month period), 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, 2021, plus (2) all required remaining scheduled interest payments due through January 15, 2021, computed using the discount rate specified in the indenture, over (b) the principal amount of the UPCB Finance IV Euro Notes on the redemption date (the **“UPCB IV Euro Applicable Premium”**) and (iii) accrued but unpaid interest and additional amounts, if any, to the applicable redemption date. Additionally, at any time prior to January 15, 2018, upon the occurrence of an Early Redemption Event (as defined in the indenture), with the net proceeds of one or more specified equity offerings (the **“Equity Offering Early Redemption Proceeds”**), UPCB Finance IV Limited will redeem up to 40% of the aggregate principal amount of the UPCB Finance IV Euro Notes equal to the principal amount of Facility AK prepaid with any Equity Offering Early Redemption Proceeds at a redemption price equal to the sum of (i) 104% of the principal amount thereof, (ii) the UPCB IV Euro Applicable Premium calculated in accordance with the indenture and (iii) accrued but unpaid interest and additional amounts, if any, to the applicable redemption date. On or after January 15, 2021, upon the occurrence of an Early Redemption Event (as defined in the indenture), UPCB Finance IV Limited will redeem an aggregate principal amount of the UPCB Finance IV Euro Notes equal to the principal amount of Facility AK prepaid at the redemption prices set forth in the indenture governing the UPCB Finance IV Euro Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

The UPCB Finance IV Dollar Notes are non-callable until January 15, 2020. At any time prior to January 15, 2020, upon the occurrence of an Early Redemption Event (being a voluntary prepayment of all or a portion of Facility AL), UPCB Finance IV Limited will redeem an aggregate principal amount of the UPCB Finance IV Dollar Notes equal to the amount of Facility AL prepaid (not to exceed an amount equal to 10% of the original aggregate principal amount of the UPCB Finance IV Dollar Notes, including any additional notes, during each twelve-month period), at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date. At any time prior to January 15, 2020, upon the occurrence of an Early Redemption Event (as defined in the indenture), UPCB Finance IV Limited will redeem an aggregate principal amount of the UPCB Finance IV Dollar Notes equal to the amount of Facility AL prepaid (in excess of an amount equal to 10% of the original aggregate principal amount of the UPCB Finance IV Dollar Notes, including any additional notes, during each twelve-month period), 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, 2020, plus (2) all required remaining scheduled interest payments due through January 15, 2020, computed using the discount rate specified in the indenture, over (b) the principal amount of the UPCB Finance IV Dollar Notes on the redemption date (the **“UPCB IV Dollar Applicable Premium”**) and (iii) accrued but unpaid interest and additional amounts, if any, to the applicable redemption date. Additionally, at any time prior to January 15, 2018, upon the occurrence of an Early Redemption Event (as defined in the indenture), with the Equity Offering Early Redemption Proceeds, UPCB Finance IV Limited will redeem up to 40% of the aggregate principal amount of the UPCB Finance IV Dollar Notes equal to the principal amount of Facility AL prepaid with any Equity Offering Early Redemption Proceeds at a redemption price equal to the sum of (i) 105.375% of the principal amount thereof, (ii) the UPCB IV Dollar Applicable Premium calculated in accordance with the indenture and (iii) accrued but unpaid interest and additional amounts, if any, to the applicable redemption date. On or after January 15, 2020, upon the occurrence of an Early Redemption Event (as defined in the indenture), UPCB Finance IV Limited will redeem an aggregate principal amount of the UPCB Finance IV Dollar Notes equal to the principal amount of Facility AL prepaid at the redemption prices set forth in the indenture governing the UPCB Finance IV Dollar Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

UPC Holding Facility

The UPC Holding Facility is a loan facility agreement entered into between us as borrower, Toronto Dominion (Texas) LLC as facility agent, certain banks and other financial institutions, that was executed in June 2007 and first amended on July 9, 2007. Currently, no amounts are outstanding under the UPC Holding Facility.

Pursuant to the UPC Holding Facility, the facility agent and other banks and financial institutions, from time to time, have agreed to make available to us a term loan 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. Effective May 16, 2008, the fully drawn commitments of the lenders under the €250 million UPC Holding Facility were rolled into Facility M under the UPC Broadband Holding Bank Facility. Facility M was subsequently repaid in full.

The applicable margin for any additional facility provided under the UPC Holding Facility will be prescribed in the relevant accession agreement.

UPCH Intercreditor Agreement with respect to the Existing UPCH Notes and the UPC Holding Facility

The UPC Holding Facility (if applicable), the 6³/₈% Notes and the 6³/₄% Notes currently benefit from first, second and third ranking pledges, respectively, over all of the shares of UPC Holding.

The UPCH 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 6³/₈% Notes, the 6³/₄% 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 UPC Holding Facility, the 6³/₈% Notes, and the 6³/₄% 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 UPCH Intercreditor Agreement.

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 quarter ended March 31, 2017 and is reviewed on an annual basis.

As of March 31, 2017, €6.1 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 March 31, 2017, UPC Broadband Holding had outstanding intercompany loans payable to UPC Holding of €127.2 million. The UPC Broadband Holding intercompany loans mature on November 1, 2029 and may be repaid by UPC Broadband Holding at any time prior to maturity, subject to the terms of the UPC Broadband Holding Bank Facility.

DESCRIPTION OF THE NOTES

UPCB Finance VII Limited (the “**Issuer**”) will issue €600 million of its 3.625% senior secured notes due 2029 (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 Agreement, the Deed of Covenant and the Notes Security Documents. It does not restate those agreements in their entirety. We urge you to read the Indenture, the UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Deed of Covenant and the Notes Security Documents because they, and not this description, define your direct and indirect rights as holders of the Notes. Copies of the Indenture, the UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Deed of Covenant and the Notes Security Documents are available as described below under “—*Additional Information*”. The UPC Broadband Holding Bank Facility is attached as Annex A to the Offering Memorandum. Forms of the Finco Accession Agreement and the Deed of Covenant are attached as Annex B and Annex C to the Offering Memorandum, respectively.

The Notes will initially be held in registered global 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 Notes hereby

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

The Issuer, as a lender under the UPC Broadband Holding Bank Facility (a “**UPCB Lender**”), will be treated the same as all other lenders under that facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to other UPCB Lenders. Through the covenants in the Indenture and the security interests over all of the issued shares of the Issuer and the Finco Loan granted to the Security Agent on behalf of the Trustee and the holders of the Notes to secure the Issuer’s obligations under the Notes, the holders of Notes will be provided indirectly with the benefits, rights and protections granted to the Issuer as a UPCB Lender, including the indirect benefit of the covenants contained in the UPC Broadband Holding Bank Facility and the security granted for the benefit of the UPCB Lenders. See “*Description of the UPC Broadband Holding Bank Facility*”. Thus, in the case of the ongoing obligations of the UPCB Group under

the UPC Broadband Holding Bank Facility, the Issuer will be treated in the same way as the other UPCB Lenders, with the right to vote as part of the lending group on the basis described in this Description of the Notes and to receive principal and interest on the Finco Loan, which it will in turn use to make payments on the Notes. For a description of procedures under the Indenture and the Finco Accession Agreement regarding voting rights of holders of the Notes with respect to decisions under the UPC Broadband Holding Bank Facility, see below under “—*Amendment, Supplement and Waiver—To the UPC Broadband Holding Bank Facility or the Finco Accession Agreement*”.

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 the 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 a loan (the “**Finco Loan**”) borrowed under an additional facility (the “**Finco Facility AQ**”) under the UPC Broadband Holding Bank Facility, and the Issuer will become a UPCB Lender. In addition to indirect benefits arising from the protections and security afforded to the Issuer as a UPCB Lender, holders of Notes will also benefit directly from the first ranking security interests in the Collateral, as described below under “—*Security*”.

The principal amount of the Notes due at maturity, as well as the maturity date, rate of interest and currency, among other things, will be identical to the corresponding provisions of the Finco Loan.

Further, if an Event of Default is continuing under the Indenture or the Notes, holders of Notes will be entitled to direct the Trustee and/or the Security Agent to enforce their rights under the Notes, the Indenture and the Note Security Documents, in which case the holders of Notes will have multiple available remedies (through the Trustee and/or the Security Agent, where relevant), including:

- declaring the Notes due and payable (other than an Event of Default arising from a UPCB Event of Default (as defined below under “—*Events of Default and Remedies—Events of Default*”));
- enforcing all rights available to the Issuer as a UPCB Lender, subject to any limitations set forth in the UPC Broadband Holding Bank Facility;
- enforcing the security over the shares of the Issuer and directing performance by the Issuer of its obligations under certain agreements and other documents to which it is a party;
- requiring the Issuer to sell the Finco Loan to third parties; and/or
- exchanging their Notes for UPCB Loans.

For more information on Events of Default and Remedies, see “—*Events of Default and Remedies*”.

The Finco Loan

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 Loan pursuant to the Finco Facility AQ under the UPC Broadband Holding Bank Facility. As of March 31, 2017, as adjusted to give effect to (i) the June 2017 Refinancing and (ii) the borrowing of the Finco Loan and the application of the proceeds therefrom (including the Refinancing) as described in “*Use of Proceeds*”, €4,275.7 million principal amount of indebtedness would have been outstanding under the UPC Broadband Holding Bank Facility on a non-

eliminated basis, which includes amounts outstanding under Facility AK, Facility AL and the Finco Loan that are eliminated through the consolidation of the lenders thereof within UPC Holding's consolidated financial statements. See "*Capitalization*". This amount includes €600.0 million, or 14.0% of the aggregate principal amount outstanding under the UPC Broadband Holding Bank Facility on a non-eliminated basis, representing the Finco Loan, which is eliminated through the consolidation of the Issuer within UPC Holding's consolidated financial statements.

Certain Transaction Documents

Finco Accession Agreement. In connection with the Finco Loan, the Issuer and UPC Financing will enter into an accession agreement (the "**Finco Accession Agreement**"), pursuant to which the Issuer will accede to the UPC Broadband Holding Bank Facility as a UPCB Lender. The Finco Accession Agreement will set out the principal economic terms of the Finco Facility AQ. The form of the Finco Accession Agreement to be entered into on the Issue Date is attached as Annex B to the Offering Memorandum.

Upon acceding to the UPC Broadband Holding Bank Facility pursuant to the Finco Accession Agreement, the Issuer will benefit from all the rights of a lender under the UPC Broadband Holding Bank Facility, including the protections of the affirmative, negative and financial covenants and events of default set out in the UPC Broadband Holding Bank Facility except in certain limited circumstances expressly outlined in the Finco Accession Agreement. In particular, The financial covenant set out in the UPC Broadband Holding Bank Facility shall not be for the benefit of the Additional Facility AQ Lender. In addition, the Finco Loan will be secured by the assets of the UPCB Group granted to the UPCB Security Agent to secure the UPCB Loans.

The Finco Accession Agreement will be similar in form to the accession agreement entered into by other UPCB Lenders and will include additional rights that are specific to the Finco Loan, including the maturity date of, the rate of interest accruing on, and the interest periods applicable to the Finco Loan. In addition, the Finco Accession Agreement will provide for the payment of certain premiums in connection with certain voluntary and mandatory prepayments of the Finco Loan that will enable the Issuer to pay the premiums applicable to redemptions of the Notes, as described below under "*—Redemption and Repurchase*". The Finco Accession Agreement will also include the consent of the Issuer to certain amendments under the UPC Broadband Holding Bank Facility if the borrowers seek a consent to those amendments from the UPCB Lenders, as described below under "*—Finco Accession Agreement and the UPC Broadband Holding Bank Facility*". The Finco Accession Agreement will constitute a "Finance Document" for purposes of the UPC Broadband Holding Bank Facility.

Fee Letter. The Issuer and UPC Financing will enter into a fee letter (the "**Fee Letter**") relating to the payment of certain fees to the Issuer. The Issuer will allocate a portion of such fees equal to the original issue discount on the Notes (if any) to UPC Financing under the Finco Loan so that the principal amount of the Finco Loan equals the aggregate principal amount of the Notes issued in this offering.

Deed of Covenant. Under a deed of covenant between the Issuer, UPC Financing and UPC Broadband Holding (the "**Deed of Covenant**"), UPC Broadband Holding will contractually agree to ensure the compliance by the Issuer with certain covenants included in the Indenture. The form of the Deed of Covenant is attached as Annex C to the Offering Memorandum.

UPC Expenses Agreement. Under an assigned and novated expenses agreement (the "**UPC Expenses Agreement**"), UPC Broadband Holding has agreed to pay certain obligations of the Issuer, including in respect of the maintenance of the Issuer's existence, the payment of certain tax liabilities of the Issuer, the payment of Additional Amounts pursuant to the Indenture following certain tax events and the payment of additional interest required to be paid under the Notes on overdue principal and interest.

The Finco Accession Agreement, the Fee Letter, the Deed of Covenant and the UPC Expenses Agreement are collectively referred to herein as the "**Transaction Documents**". The Indenture will include a covenant whereby the Issuer will be required to enter into the Transaction Documents on or promptly after the Closing Date on terms substantially consistent with those set forth in this "*Description of the Notes*."

Brief Description of the Notes

The Notes:

- will be general obligations of the Issuer;
- will be secured by the Collateral (as defined below); 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 was formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. All of the Issuer’s issued shares are held by the Share Trustee as share trustee pursuant to the Shareholder Trust, which is a trust established under the laws of the Cayman Islands in respect of the issued shares of the Issuer. The Issuer has no material business operations and upon completion of this offering will have no material assets other than the Finco Loan to be advanced in connection with the offering of the Notes as described below under “—*Finco Accession Agreement and the UPC Broadband Holding Bank Facility*” and its rights under the Transaction Documents. As a result, the Issuer will be dependent on payments by UPC Financing under the Finco Loan in order to service its obligations under the Notes. The Issuer will for so long as the Issuer remains eligible under applicable U.S. Treasury Regulations to elect its classification for U.S. Federal income tax purposes, take any action reasonably necessary to maintain its status as a pass-through entity for U.S. Federal income tax purposes.

Finco Accession Agreement and the UPC Broadband Holding Bank Facility

The net proceeds from the issuance of the Notes, together with fees payable to the Issuer by UPC Financing pursuant to the Fee Letter, will be used by the Issuer to fund the Finco Loan, denominated in euro, to UPC Financing under the Finco Facility AQ.

Under the terms of the UPC Broadband Holding Bank Facility and the Finco Accession Agreement, and the related arrangements described below, the Issuer will benefit from:

- (1) all the rights of a UPCB Lender under the UPC Broadband Holding Bank Facility and the Finco Accession Agreement;
- (2) rights under the Deed of Covenant, pursuant to which UPC Broadband Holding will agree with the Issuer to comply (or procure the Issuer’s compliance) with the covenants described below under “—*Redemption—Mandatory Prepayment from Disposal Proceeds*”, “—*Redemption—Open Market Purchases of UPCB Loans*”, “—*Information*”, “—*Minimum Period for Consents under Loan Documents*”, “—*Payments for Consents*” and “—*Amendments to Loan Documents to be applied equally to all UPCB Lenders*”;
- (3) rights under the Fee Letter relating to certain fees and expenses payable to the Issuer in connection with the entering into of the Finco Accession Agreement and the advancing of the Finco Loan; and
- (4) rights under the UPC Expenses Agreement, pursuant to which UPC Broadband Holding will agree to pay or procure the payment of (i) the fees and expenses of the Issuer incurred from time to time in connection with or related to the Issuer’s performance of its obligations under the Indenture and the maintenance of the Issuer’s existence, (ii) certain tax liabilities of the Issuer, (iii) any Additional Amounts, if any, payable under the Indenture and (iv) any additional interest required to be paid under the Notes on overdue principal and interest.

In the event the Notes are issued at a price less than par, the Finco Loan will be advanced at its face amount. The difference between the cash proceeds received by the Issuer in respect of the issue of the Notes and the face amount of the Finco Loan to UPC Financing will be accounted for as an upfront fee under the Fee Letter.

Under the UPC Broadband Holding Bank Facility, UPCB Lenders are not allowed to split or divide their votes with respect to matters arising thereunder requiring the vote (or other consent) of UPCB Lenders. For

a description of procedures under the Indenture regarding voting rights of holders of the Notes with respect to decisions under the UPC Broadband Holding Bank Facility, see below under “—*Amendment, Supplement and Waiver—To the UPC Broadband Holding Bank Facility or the Finco Accession Agreement*”.

The Issuer will have the same voting rights as the other UPCB Lenders under the UPC Broadband Holding Bank Facility. However, the Issuer will, under the Finco Accession Agreement, provide its consent as a UPCB Lender, to any and all of the amendments set forth in schedules 7, 8 and 9 to the Finco Accession Agreement (which form is set forth in Annex B to the 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 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 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, 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):

- amend the UPC Broadband Holding Bank Facility to provide that amendments and waivers of Clauses 20.2 (*Financial Ratio*) to 20.4 (*Cure provisions*) and Clause 21.18 (*Acceleration Following Financial Ratio Breach*) of the UPC Broadband Holding Bank Facility shall only be made with the consent of UPC Broadband and the Composite Revolving Facility Instructing Group and shall not require the consent of any other Finance Party;
- amend the definition of “Permitted Financial Indebtedness” to include a new limb for borrowings, loans or deferred consideration made available by a vendor in connection with a Permitted Acquisition;
- amendments to the financial covenant provisions so that (a) should any net indebtedness under each Ancillary Facility exceed an amount equal to $33\frac{1}{3}$ per cent. of the aggregate of the Revolving Facility Commitments and each Ancillary Facility Commitment, the ratio of Senior Net Debt to Annualised EBITDA shall not exceed 4.75:1 and (b) if the financial covenant set out in paragraph (a) has been breached for the First Measurement Period but is complied with when tested for the Second Measurement Period, and if the financial covenant set out in paragraph (a) above is not required to be tested for the Second Measurement Period, it shall be tested solely for the purpose of determining whether a Second Test Period Deemed Cure has occurred;
- amend the Obligor’s agent clause of the UPC Broadband Holding Bank Facility to provide that each Obligor confirms that UPC Broadband as Obligors’ agent is authorised to confirm any guarantee or Security on behalf of such Obligor;
- amend the construction clause of the UPC Broadband Holding Bank Facility to add additional limbs as alternatives for a Borrower “repaying” or “prepaying” a Documentary Credit or a letter of credit, bank guarantee, indemnity, performance bond or other documentary credit under an Ancillary Facility;
- amend required consents to include that a Finance Party may unilaterally waive, relinquish or otherwise irrevocably give up all or any of its rights under any Finance Document with the consent of the UPC Broadband;
- amend the interest period provisions to provide that the applicable Interest Period for the first Advance under any Term Facility shall be any other period of six months or less as agreed to by the Borrower and the Facility Agent;

- amend the definition of “Business Division Transaction” so that it also includes any partial demerger;
- add new definitions of “Tower Company” and “Tower Assets” as set out in schedule 8 to the Additional AQ Accession Agreement;
- amend the definition of “Borrower Group Excluded Subsidiary” so that it also includes any entity which is a Subsidiary of a Borrower Group Excluded Subsidiary;
- amend the restricted payments general basket under the UPC Broadband Holding Bank Facility to allow for any unused amounts in any financial year to be carried over to the next succeeding financial year;
- replace the definition of “Spin Off” under the UPC Broadband Holding Bank Facility with a new definition which refers to a transaction by which all outstanding ordinary and or equity shares of UPC Broadband and any Permitted Affiliate Parent or a Holding Company of UPC Broadband or such Permitted Affiliate Parent directly or indirectly owned by the Ultimate Parent are distributed to (a) all of the Ultimate Parent’s shareholders, or (b) all of the shareholders comprising one or more group of the Ultimate Parent’s shareholders as provided by the Ultimate Parent’s articles of association, in each case, either directly or indirectly through the distribution of shares in a company holding the UPC Broadband’s and any Permitted Affiliate Parent’s shares or such Parent’s shares;
- replace the definition of “Borrower” under the UPC Broadband Holding Bank Facility with a new definition whereby Borrower means the Original Borrower and any Additional Borrower unless it has ceased to be a Borrower in accordance with clause 29.2 (*Transfers by Obligors*) under the UPC Broadband Holding Bank Facility and, in respect of an Ancillary Facility only, any Affiliate of a Borrower that becomes a borrower of that Ancillary Facility with the approval of the relevant Ancillary Facility Lender pursuant to clause 7.7 (*Affiliates of Borrowers*) under the UPC Broadband Holding Bank Facility;
- add a new definition of “Sub-participation” referring to any sub-participation or sub-contract (whether written or oral) or any other agreement or arrangement having an economically substantially similar effect, including any credit default or total return swap or derivative (whether disclosed undisclosed, risk or funded) by a Lender of or in relation to any of its rights or obligations under, or its legal, beneficial or economic interest in relation to, the Facilities and/or Finance Documents to a counterparty and “sub-participate” shall be construed accordingly;
- amend clause 29.3 (*Transfers by Lenders*) of schedule 8 to the Additional AQ Accession Agreement to include a restriction on sub-participations of rights and obligations and is subject to the same consent regime as for assignments and transfers;
- amend the additional facilities clause that each Lender under an Additional Facility shall be required to become such a party to the UPC Broadband Holding Bank Facility and be entitled to share in the Security in accordance with the terms of the Intercreditor Agreement and the Security Documents *pari passu* with the Lenders under the other Facilities provided that UPC Broadband and the relevant Lenders may agree that an Additional Facility shares in the Security on a junior basis to the other Facilities or shall not be entitled to share in the Security either in accordance with the terms of the Intercreditor Agreement or pursuant to ancillary intercreditor arrangements;
- amendments to the definition of Permitted Financial Indebtedness to include Financial Indebtedness incurred under borrowing facilities provided by a special purpose vehicle note issuer to a member of the Borrower Group in connection with the issuance of notes intended to be supported primarily by the payment obligations of any member of the Borrower Group in connection with any vendor financing platform otherwise permitted under the UPC Broadband Holding Bank Facility;
- amendments to the clause on Restrictions on Financial Indebtedness such that any Financial Indebtedness incurred thereunder shall not be subject to a proviso that it is subject to the terms of the Intercreditor Agreement;

- amendments to the definition of Permitted Disposal under the UPC Broadband Holding Bank Facility to include a disposal by any member of the Borrower Group of all or any of the Towers Assets and add the definition of “Towers Assets” as set out in schedule 8 to the Additional AQ Accession Agreement;
- amendments to the Change in Accounting Practices clause to provide that at the time of the notice from UPC Broadband to the Facility Agent that there have been one or more changes in any accounting policies, practices or procedures (including, without limitation, any change in the basis upon which costs are capitalised or any changes resulting from UPC Broadband’s decision at any time to adopt GAAP or IFRS), UPC Broadband shall provide either (a) a statement (providing reasonable detail) confirming the changes would have no material effect on the operation of the ratios set out in Clause 20.2 (*Financial ratios*) or (b) a description of the changes and the adjustments that would be required to be made to that financial information in order to cause it to reflect the accounting policies, practices or procedures prior to such change and sufficient information, in such detail and format as may be reasonably required by the Facility Agent, to enable the Lenders to make a comparison between the financial positions indicated by that financial information and by the financial information required to be delivered under Clause 19.2 (*Financial information*) and to further provide that following the delivery of such notice, the Majority Lenders shall have the right to request, and following any such request UPC Broadband shall use commercially reasonable efforts to provide, the statement contemplated by sub-paragraph (a) above or the description contemplated by paragraph (b) above, as applicable, relating to the financial information required to be delivered under Clause 19.2 (*Financial information*) for the most recently completed quarter;
- amendments to provide that the Register shall be maintained on behalf of all of the Parties to the UPC Broadband Holding Bank Facility;
- amendments to exclude certain representations as Repeating Representations such that they are not 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;
- amendments to provide that UPC Broadband may incur and secure Financial Indebtedness on a second lien ranking basis save that such Financial Indebtedness can be contractually subordinated to the rights of the Lenders, on terms comparable to, at the election of UPC Broadband, the intercreditor that relates to the Liberty Global Reference Agreement or the intercreditor agreement most recently entered into by an Affiliate of UPC Broadband with such adjustments and amendments as agreed between UPC Broadband, the Security Agent and the Facility Agent (acting reasonably in each case);
- amendments to the definition of EBITDA to provide that it means, in relation to any Ratio Period, operating income (expense) plus, at UPC Broadband’s option (except with respect to depreciation and amortisation), the limbs listed as add backs or deductions to that definition;
- amendments to the definition of Senior Secured Notes to delete paragraphs (a)(iii) and (a)(iv) of that definition and to add the following language at the end of paragraph (a)(i) “or where the incurrence of any Financial Indebtedness under such notes would otherwise be Permitted Financial Indebtedness (other than to the extent that such Financial Indebtedness is incurred by way of Senior Secured Notes pursuant to sub-paragraph (xxiii) of the definition of Permitted Financial Indebtedness)”;
- amendments to the definition of Permitted Security Interest to add at the end of paragraph (t)(i): “or such Financial Indebtedness is otherwise Permitted Financial Indebtedness under paragraphs (ii) (as it relates to guarantees permitted under Clause 19.15(h) in respect of any Permitted Financial Indebtedness), (vii), (xi) (provided that at the time of the acquisition or other transaction pursuant to which such Financial Indebtedness was incurred and after giving effect to such incurrence on a pro forma basis (a) an Obligor could incur EUR 1 of debt under paragraph (xxii) of the definition of Permitted Financial Indebtedness or (b) the ratio of Senior Net Debt to Annualised EBITDA would not be greater than it was immediately prior to giving pro forma effect to such acquisition or other transaction and to the incurrence of such Financial Indebtedness),

(xxii), (xxiii) and (xxiv) of the definition of Permitted Financial Indebtedness and guarantees thereof”;

- amendments the definition of Senior Unsecured Notes to delete requirements that such notes shall have a final maturity (with no sinking fund payments) of no earlier than the latest Final Maturity Date then existing at the time of the issuance of such notes; and in respect of which the “cross-default” event of default with respect to a default under other indebtedness shall be limited to cross-default to any payment default and cross-acceleration;
- amendments to the definition of Permitted Financial Indebtedness to include Financial Indebtedness arising under (a) arrangements to fund a production where such funding is only repayable from the distribution revenues of that production or (b) production facilities;
- amendments to the definition of Permitted Security Interest to include security interests (a) over the segregated trust accounts set up to fund productions, (b) required to be granted over productions to secure production grants granted by regional and/or national agencies promoting film production in the relevant regional and/or national jurisdiction and (c) over assets relating to specific productions funded by Production Facilities; and security interests arising solely by virtue of any statutory or common law provisions or customary business provisions relating to banker’s liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution;
- amendments to the definition of Holding Company Expenses under the UPC Broadband Holding Bank Facility in order that this definition includes equivalent expenses incurred by a Subsidiary of a Parent to those expenses incurred by the Parent and set out at (a), (b) and (c) of that definition and to provide that general corporate overhead expenses including professional fees and expenses and other operational expenses related to the “stewardship” of any member of the Borrower Group including any “treasury transactions” are included within the definition of Holding Company Expenses;
- amendments to the definition of Permitted Credit Facility to include notes, bonds and debentures;
- amendments to the definitions of Senior Debt and Total Debt to exclude any Financial Indebtedness incurred under the Production Facilities to the extent that it is limited recourse to the assets funded by such facilities;
- amendments to the definition of Annualised EBITDA to provide that, at the option of UPC Broadband, Annualised EBITDA may be determined for any person or the Borrower Group (as applicable) based on the internal financial statements of the Reporting Entity available immediately preceding the date of determination of Annualised EBITDA or the financial statements of the Reporting Entity most recently made available;
- amendments to the release of guarantees and security provisions to provide for equivalent releases as a result of, and in connection with, any solvent liquidation or dissolution;
- amendments to the definition of Permitted Financial Indebtedness such that it is a basket for the incurrence of Financial Indebtedness that constitutes Subordinated Obligations provided that (a) (other than in the case of a refinancing of other Subordinated Obligations in the same or a lesser principal amount) on the date of such incurrence and after giving effect thereto on a pro forma basis the Total Net Debt to Annualised EBITDA ratio would not be greater than 5.50:1 and (b) such Financial Indebtedness is (i) unsecured or (ii) secured on a junior ranking basis to the liabilities under the UPC Broadband Holding Bank Facility and, in each case which constitutes Second Lien Liabilities (under and as defined in the Intercreditor Agreement) or is contractually subordinated to the rights of the Lenders, on terms comparable to, at the election of UPC Broadband;
- amendment to the definition of Permitted Security Interest such that it is a basket for Security Interests to secure any Financial Indebtedness incurred under paragraph (xxiv) of the definition of Permitted Financial Indebtedness and any guarantees thereof, provided that (a) such Security Interest ranks junior to the Security Interests securing the liabilities under the UPC Broadband

Holding Bank Facility and related guarantees, as applicable, and (a) such Financial Indebtedness and any guarantees thereof constitute Second Lien Liabilities (under and as defined in the Intercreditor Agreement) or are contractually subordinated to the rights of the Lenders, on the terms of an intercreditor agreement;

- amendment to the UPC Broadband Holding Bank Facility to add a new definition of Subordinated Obligations which includes any Financial Indebtedness that is expressly subordinate or junior in right of payment to the liabilities;
- amendment to the definition of Senior Debt to also exclude Subordinated Obligations (to the extent such Subordinated Obligations constitute Permitted Financial Indebtedness and other than for the purposes of the calculation of Total Debt);
- amendments to the definition of Non-Consenting Lenders to remove the timing window of 90 days during which UPC Broadband may exercise its such that UPC Broadband may exercise such rights at any time;
- amendments to the definition of Permitted Disposals to remove the requirement that the surrendering company receives fair market value for tax losses disposed to any member of the wider group, to remove the proviso that replacement assets be secured, and to include any disposal made in connection with any start-up financing or seed funding;
- amendment to the definition of EBITDA to provide that such term means, in relation to any Ratio Period, operating income (expense) plus, at UPC Broadband's option (except with respect to paragraphs (a) and (b) of that definition), the limbs listed as add backs or deductions to that definition;
- amendment to the Finance Documents to include an ability to redefine the Borrower Group to include a Holding Company of UPC Broadband and that Holding Company's Subsidiaries (other than the excluded subsidiaries) instead of UPC Broadband and its Subsidiaries (other than the excluded subsidiaries), provided that the manner in which any such redefinition of the Bank Group is effected is not materially prejudicial to the interests of the Lenders in the opinion of the Facility Agent (acting reasonably)
- amend the definition of "Permitted Acquisitions" to add a new limb to allow the acquisition of shares or other interests (i) of share capital of a company which is not a member of the Borrower Group and (ii) pursuant to a merger, demerger, partial demerger, contribution, spin off, distribution or similar transaction;
- amend the definition of "Permitted Disposal" to add two new limbs for disposals: (i) any entity, where the only material assets of such entity are assets that could themselves have been the subject of a Permitted Disposal and (ii) of any nominal or non-substantial shareholding;
- amend the definition of "Permitted Disposals", in particular clause 19.11(b)(xxiv) (*Disposals*) of the UPC Broadband Holding Bank Facility to mean disposals of assets where the aggregate fair market value does not exceed the greater of €200,000,000 and 3% of Total Assets in any financial year (with unused amounts being carried over);
- amend clause 19.14(c)(xxiv) (*Restricted Payments*) of the UPC Broadband Holding Bank Facility to (i) delete the reference to "€250,000,000" and replace it with "€300,000,000" and (ii) to add to clause 19.14(c)(xxiv): "with any unused amounts in any financial year being carried over to the next succeeding financial year subject to a maximum of the greater of €300,000,000 and 5% of Total Assets of carried over amounts for any financial year and with any such carried over amounts being used first in the next succeeding financial year.";
- amend the transfers by obligors to include that a Novating Borrower may assign or transfer any of its rights, benefits and obligations to another Borrower incorporated in the same jurisdiction as the Novating Borrower if UPC Broadband delivers to the Facility Agent (a) a solvency opinion and (b) legal opinions;

- amend the definition of Additional Facilities Cap as defined in Clause (b) 2.3(g) (*Additional Facilities*) of the UPC Broadband Holding Bank Facility such that: (i) it includes an additional limb for the aggregate amount of any voluntary prepayments of Term Facility Advances that are secured on a *pari passu* basis with the other Facilities or Advances under Revolving Facilities; and (ii) UPC Broadband shall have the ability to classify such amounts of Financial Indebtedness on the date of their incurrence and shall only be required to include the amount and type of such Financial Indebtedness in one of such sub-paragraphs 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 the types of Financial Indebtedness described in such paragraphs, and, from time to time, may reclassify all or a portion of such Financial Indebtedness, in any manner;
- amend sub-paragraph (j) of the definition of EBITDA under the UPC Broadband Holding Bank Facility by adding the words “principles or” before “policies”;
- amend the definition of Credit Facility Excluded Amount by deleting “€50,000,000” and replacing it with “€400,000,000”; and
- amend the UPC Broadband Holding Bank Facility to provide that any Affiliate of UPC Broadband may accede to the UPC Broadband Holding Bank Facility as a Guarantor in accordance with clause 29.8 (*Additional Obligors*) of the UPC Broadband Holding Bank Facility (provided that Security has been granted (in form and substance satisfactory, to the Facility Agent (acting reasonably)) in favour of the Security Agent over 100% of such Affiliate’s shares and all of the rights in relation to loans from any member of the Wider Group (other than such Affiliate and its Subsidiaries or any member of the Borrower Group) to such Affiliate and its Subsidiaries) and that such Affiliate shall be a member of the Borrower Group.

The above description is intended to summarise certain material amendments included in the Finco Accession Agreement but is not complete and exhaustive and does not restate the proposed amendments listed in schedules 7, 8 and 9 of the Finco Accession Agreement in their entirety. Given the significant nature of these amendments, you should read the full list of amendments set out in schedules 7, 8 and 9 of the Finco Accession Agreement listed in Annex B of the Offering Memorandum in their entirety before investing in the Notes. See “*Risk Factors—By investing in the 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 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 Notes with respect to these matters (the “**Required Consent Provisions**”). In addition, the Issuer will not be entitled to receive, and will expressly waive under the Finco Accession Agreement any right it may have to, any consent, waiver, amendment or other similar fee that may be paid to other UPCB Lenders in connection with their approval of the Required Consent Provisions.

References in this Description of the Notes and the Indenture to numbered clauses or sections in the UPC Broadband Holding Bank Facility refer to such clauses or sections as numbered as of the date of the Indenture and, in the event the UPC Broadband Holding Bank Facility is amended or supplemented after the date of the Indenture, to any substantially similar clause or section after such amendment or supplement whether numbered the same or differently after such amendment or supplement.

For a further description of the UPC Broadband Holding Bank Facility, see “*Description of the UPC Broadband Holding Bank Facility*”.

Security

The Finco Loan will be secured by the assets of the UPCB Group granted to the UPCB Security Agent to secure the UPCB Loans. The UPCB Loans are primarily secured by way of a pledge over the shares in each holding company subsidiary located in each of the main jurisdictions in which the UPCB Group operates. In addition, pledges over certain intercompany receivables have also been granted. For a description of the security with respect to the UPC Broadband Holding Bank Facility, see “*Description of the UPC Broadband Holding Bank Facility—Security*”.

In addition, subject to limitations under Cayman Islands law described below, the holders of the Notes will benefit directly from first ranking security interests to be granted to the Security Agent on behalf of the Trustee and the holders of the Notes in the following rights, property and assets (collectively, the “**Collateral**”):

- (1) all of the issued shares of the Issuer (the “**Issuer Share Collateral**”);
- (2) all of the assets of the Issuer (excluding the proceeds of the paid up share capital of the Issuer and any transaction fees payable to the Issuer pursuant to the UPC Expenses Agreement and excluding as provided below), including:
 - (a) the Issuer’s rights to and benefit in the Finco Loan (including all rights of the Issuer as a UPCB Lender under the UPC Broadband Holding Bank Facility and the Finco Accession Agreement) (the “**UPCB Loan Collateral**”);
 - (b) the Issuer’s rights under the Deed of Covenant (the “**Deed of Covenant Collateral**”);
 - (c) the Issuer’s rights under the Fee Letter (the “**UPCB Fee Letter Collateral**”);
 - (d) the Issuer’s rights under the UPC Expenses Agreement (excluding any transaction fees payable to the Issuer pursuant thereto and 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 Agreement.

Because the holders of Notes will benefit from the assignment of rights under certain agreements between the Issuer and members of the UPCB Group, in certain circumstances described below under “—*Events of Default and Remedies*”, the Security Agent, on behalf of the holders of the Notes, will be able to assert the contractual rights of the Issuer against members of the UPCB Group (and in an enforcement action holders of

Notes may instruct the Security Agent to demand such performance); however, these rights are limited to the Issuer's contractual rights against the UPCB Group and provide for no direct claims into the UPCB Group.

No member of the UPCB Group will guarantee the Issuer's obligations under the Notes.

Principal, Maturity and Interest

The Issuer will issue in this offering €600 million in aggregate principal amount of Notes. The Issuer may issue Additional Notes (the “**Additional Notes**”) under the Indenture from time to time after this offering. Any issuance of Additional Notes will be subject to all of the covenants in the Indenture. The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, consents, other determinations and redemptions. Any reference to Notes in this Description of the Notes shall be deemed to include any Additional Notes. In connection with the issuance of Additional Notes, UPC Financing will enter into one or more accession agreements under the UPC Broadband Holding Bank Facility, each of which will constitute a “**Finco Accession Agreement**” for purposes of the Indenture and related documents. The proceeds of any such Additional Notes will be loaned to UPC Financing pursuant to a loan under such Finco Accession Agreement, each such loan will constitute a “**Finco Loan**” for purposes of the Indenture and related documents. Consideration for any Additional Notes may be paid in cash, in exchange for existing UPCB Loans or otherwise.

The Issuer will issue Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on June 15, 2029.

Interest on the Notes will accrue at the rate of 3.625% per annum. Interest will be payable semi-annually in arrears on each January 15 and July 15, commencing on January 15, 2018.

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, UPC Broadband Holding 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 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 corporate trust office or agency of the Paying Agent, except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of Definitive Registered Notes as such address appears in the register for Definitive Registered Notes. 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 London, England. The Bank of New York Mellon, London Branch will initially act as Paying Agent for the Notes.

The Issuer will also maintain one or more registrars (each, a “**Registrar**”) for so long as the Notes are listed 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 Notes will be The Bank of New York Mellon SA/NV, Luxembourg Branch in Luxembourg and the initial transfer agent with respect to the Notes will be The Bank of New York Mellon, London Branch

and The Bank of New York Mellon SA/NV, Luxembourg Branch. The Registrars will maintain a register on behalf of the Issuer for so long as the Notes remain outstanding reflecting ownership of registered notes outstanding from time to time. The Paying Agents will make payments on, and the transfer agents will facilitate transfer of, registered notes on behalf of the Issuer. In the event that the Notes are no longer listed, the Issuer or its agent will maintain a register reflecting ownership of the Notes.

The Issuer may change a Paying Agent, Registrar or transfer agent for the Notes without prior notice to the holders of Notes, and the Issuer may act as Paying Agent, Registrar or transfer agent for the Notes.

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 representing the Notes (the “144A Global Notes”), will, on the Issue Date, be deposited with and registered in the name of the nominee for the common depositary for the accounts of Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”).
- 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 representing the Notes will, on the Issue Date, be deposited with and registered in the name of the nominee for the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes (“**Book-Entry Interests**”) will be limited to persons that have accounts with 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 Euroclear or participants in Clearstream, as applicable, will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream 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 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 in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the applicable Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the

Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “*Transfer Restrictions*”.

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Note in registered form:

- (1) for a period of 15 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 one day prior to the relevant 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 the prepayment of (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 the 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 the Finco Loan bears to the aggregate principal amount of all outstanding UPCB Loans (the “**Available Disposal Proceeds**”) will be available for prepayment of the Finco Loan.

In respect of the Available Disposal Proceeds, UPC Broadband Holding and UPC Financing will elect, at their option:

- (1) to offer to prepay a principal amount of the Finco Loan equal to the lesser of (a) the amount of the Available Disposal Proceeds and (b) the aggregate principal amount of the Notes tendered in an Asset Sale Offer (as defined below) to be made by the Issuer following receipt of notice from UPC Broadband Holding as set forth below; or
- (2) prepay the Finco Loan in an amount equal to the Available Disposal Proceeds, in which case the Issuer will redeem an aggregate principal amount of the Notes equal to the amount of the Finco Loan prepaid,

in each case, as described below.

Asset Sale Offer

Following receipt of notice of an asset disposal from UPC Broadband Holding delivered pursuant to Clause 2.1(a)(i)(A) of the Deed of Covenant, the Issuer will, within five Business Days of receipt of such notice, make an offer to all holders of Notes (an “**Asset Sale Offer**”) to purchase the maximum principal amount of Notes that may be purchased out of the Available Disposal Proceeds stated in such notice at an offer price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, which offer price will be payable in cash.

Under the Deed of Covenant, UPC Broadband Holding and UPC Financing have agreed to pay (or procure the payment of) an amount of the Finco Loan equal to the lesser of (i) the Available Disposal Proceeds and (ii) the aggregate principal amount of Notes tendered in such Asset Sale Offer, and the Issuer will accept for purchase an equal aggregate principal amount of the Notes in such Asset Sale Offer. The Issuer will apply any such prepayment of the Finco Loan, together with all accrued and unpaid interest thereon 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 Loan in an amount equal to the lesser of the Available Disposal Proceeds and the aggregate principal amount of the Notes tendered in a related Asset Sale Offer, they are required to prepay (or procure the payment of) the Finco Loan in an amount equal to the Available Disposal Proceeds, plus accrued and unpaid interest on the Finco Loan 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.

Following receipt of prepayment of the Finco Loan described in the preceding paragraph, the Issuer will promptly redeem an aggregate principal amount of the Notes equal to the redemption price that would be payable if such Notes were redeemed on such date pursuant to the provisions described below under “—

Optional Redemption”, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Redemption upon a Change of Control

Upon the occurrence of any mandatory prepayment of any or all of the Finco Loan following a Change of Control (as defined under Clause 7.4 (*Change of Control*) of the UPC Broadband Holding Bank Facility), the Issuer will redeem the corresponding aggregate principal amount of the Notes, subject to and in accordance with the notice provisions of the UPC Broadband Holding Bank Facility, at a redemption price equal to 101% of the principal amount of the 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 the Finco Loan is voluntarily prepaid by UPC Broadband Holding pursuant to Clause 7.3 (*Voluntary Prepayment*) of the UPC Broadband Holding Bank Facility (an “**Early Redemption Event**”), subject to and in accordance with the terms of the UPC Broadband Holding Bank Facility and the Finco Accession Agreement, the Finco Accession Agreement will provide for the payment of certain additional payments to be made to the Issuer that correspond to the premiums payable to holders of the Notes upon early redemption, as described below.

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, including that the Issuer or any Paying Agent has received sufficient funds from UPC Broadband Holding or UPC Financing to pay the full redemption price payable to holders of the Notes on or before the relevant redemption date. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer’s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer’s obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

Redemption prior to June 15, 2022

At any time prior to June 15, 2022, upon the occurrence of any Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Notes equal to the principal amount of the Finco Loan prepaid in such Early Redemption Event (not to exceed an amount equal to 10% of the original aggregate principal amount of the Notes (including Additional 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 Notes redeemed plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date. Prior to June 15, 2022, to the extent that during any twelve-month period commencing on the Issue Date, the principal amount of the Finco Loan prepaid in any one or more Early Redemption Events is greater than an amount equal to 10% of the original aggregate principal amount of the Notes (any such amount, the “Excess Early Redemption Proceeds”), the Issuer will apply the Excess Early Redemption Proceeds to redemption of the Notes as described below under “—Optional Redemption—Redemption prior to June 15, 2022 with Excess Early Redemption Proceeds”.

Redemption prior to June 15, 2022 with Excess Early Redemption Proceeds

At any time prior to June 15, 2022, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Notes equal to the principal amount of the Finco Loan prepaid with

any Excess Early Redemption Proceeds in such Early Redemption Event, upon not less than 10 days nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium (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.

Redemption on or after June 15, 2022

On or after June 15, 2022, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Notes equal to the principal amount of the Finco Loan prepaid in such Early Redemption Event, upon not less than 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 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 June 15 of the years set out below:

	Redemption Price
2022	101.813%
2023	100.906%
2024	100.453%
2025 and thereafter	100.000%

Unless the Issuer defaults in the payment of the redemption price, subject to the third paragraph of “—*Optional Redemption*” above, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Redemption prior to June 15, 2022 with Equity Offering Early Redemption Proceeds

At any time prior to June 15, 2022, 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 Notes equal to the principal amount of the Finco Loan 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 103.625% of the principal amount of the Notes redeemed plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date; *provided that*:

- (1) at least 50% of the principal amount of the 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.

In each case above, any such redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent, including that the Issuer or any Paying Agent has received sufficient funds from UPC Broadband Holding or UPC Financing to pay the full redemption price payable to holders of the Notes on or before the relevant redemption date. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if

any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

Special Optional Redemption in connection with a UPC Exchange Transaction

At any time following the Issue Date and subject to its compliance with the UPC Broadband Holding Bank Facility and the other agreements to which it is subject, UPC Broadband Holding or UPC Financing may at its option initiate a UPC Exchange Transaction, pursuant to which it will make an offer to all holders of the Notes to exchange their Notes for senior secured notes issued by UPC Broadband Holding or UPC Financing.

If, among other requirements, holders of a majority of the aggregate principal amount of the outstanding Notes elect to participate in such UPC Exchange Transaction and UPC Broadband Holding or UPC Financing, as the case may be, accepts for exchange all Notes tendered in such UPC Exchange Transaction, UPC Broadband Holding or UPC Financing, as the case may be, will be entitled to prepay all, but not less than all, of the remaining principal amount of the Finco Loan outstanding without the requirement to pay the “make-whole” or other early prepayment amounts that it would otherwise be required to pay in the event of a voluntary redemption of the Finco Loan. In order to effect any such prepayment, either UPC Broadband Holding or UPC Financing, as the case may be, is required to give notice of such prepayment to the Issuer not later than three Business Days prior to the completion of such UPC Exchange Transaction and make such prepayment on the completion date of such UPC Exchange Transaction. To the extent the Notes are exchanged as part of the UPC Exchange Transaction, redeemed through the special optional redemption (as described below) or otherwise prepaid, UPC Financing’s obligation to repay the corresponding amount of the Finco Loan will be automatically discharged.

For a description of the requirements of any such exchange offer and certain required terms of such senior secured notes, see “*UPC Exchange Transaction*” and “*UPC Qualified Notes*” under “—*Certain Definitions*”.

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

In each case above, any such redemption and notice may, in the Issuer’s discretion, be subject to satisfaction of one or more conditions precedent, including that the Issuer or any Paying Agent has received sufficient funds from UPC Broadband Holding or UPC Financing to pay the full redemption price payable to holders of the Notes on or before the relevant redemption date. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer’s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer’s obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. If such special optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

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 the Offering Memorandum or with the terms of the UPCB Holding Intercreditor Deed.

Redemption for Changes in Withholding Taxes

Upon the occurrence of an Early Redemption Event effected at any time following the occurrence of an Issuer Tax Event (as defined below) or an optional prepayment of the Finco Loan pursuant to Clause 7.9(a)(i) (*Right of prepayment and cancellation in relation to a single Lender*) of the UPC Broadband Holding Bank Facility (a “**UPCB Tax Event**”), the Issuer may redeem the Notes, in whole but not in part, at its discretion at any time, upon not less than 30 days nor more than 60 days’ notice 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 and Additional Amounts (if any) then due on the Notes redeemed to the applicable redemption date (a “**Tax Redemption Date**”) (subject to the rights of holders of the Notes on the relevant record date to receive interest due and Additional Amounts (if any) in respect thereof on the relevant interest payment dates), 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 not include the Issuer changing or moving jurisdictions.

In the case of an Issuer Tax Event, the Issuer will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes were then due. Notwithstanding the foregoing, the Issuer may not redeem the Notes under this provision if the Relevant Tax Jurisdiction changes under the Indenture and the Issuer is obligated to pay any Additional Amounts as a result of any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder), or any change in official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings, of the then current Relevant Tax Jurisdiction which, at the time such Relevant Tax Jurisdiction became the applicable 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 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 Notes.

The foregoing provisions regarding redemption for changes in withholding taxes will apply *mutatis mutandis* to any successor to the Issuer after such successor person becomes a party to the Indenture.

Open Market Purchases of UPCB Loans

In the event that any member of the UPCH Group makes any offer to purchase or otherwise acquire any UPCB Loans (whether through a tender offer process or other process) at a price below the relevant prevailing market price for such UPCB Loans, and such offer includes all or a portion of the Finco Loan held by the Issuer, the Issuer shall make a contemporaneous offer to purchase the Notes on substantially similar terms as the offer to purchase UPCB Loans; *provided* that (1) in no event will holders of such Notes be required to participate in any such offer, (2) the consideration offered to holders of the 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 will have agreed to pay such income tax payable. Prior to undertaking any such repurchases, one or more members of the UPCH Group will enter into arrangements providing for the payment of any fees and expenses incurred in connection with any such offer.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a *pro rata* basis (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 Notes of €100,000 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.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note, in principal amount equal to the unredeemed portion of the Note, will be issued in the name of the holder of the Note upon cancellation of the original Note, as applicable. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes which have been redeemed on such redemption date.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, as applicable, notices may be given by delivery of the relevant notices to 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 or on account of 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 deducted or 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) [Reserved];
- (g) [Reserved];
- (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 principal amount of the Notes. Copies of such documentation will be

available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Irish Listing Agent if the Notes are then listed on the Irish Stock Exchange.

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 Paying Agent 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, UPC Broadband Holding 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 resident for tax purposes, 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 Loan and the Finco Accession Agreement (including any additional Finco Loan and any additional Finco Accession Agreement entered into in connection with the issuance of Additional Notes), and any Notes Security Document to which it is a party or any other document relating to the Notes or the Deed of Covenant, the UPC Expenses Agreement or the Fee Letter; (c) undertaken as investments in the Finco Loan, any additional Finco Loan or cash and Cash Equivalents; or (d) directly related or reasonably incidental to the establishment and/or maintenance of the Issuer's corporate existence;
- (2) the Issuer will not take any action which would cause it to no longer satisfy the requirements of an available exemption from the provisions of the U.S. Investment Company Act of 1940, as amended;

- (3) the Issuer will not: (a) incur any Financial Indebtedness other than as expressly permitted by clause (1) above; (b) guarantee any obligations of any other Person; (c) issue any shares (other than shares issued to the Share Trustee on or prior to the date of the Indenture); (d) incur any Liens (other than Permitted Issuer Liens); or (e) deposit additional amounts in its Share Capital Account (other than amounts deposited in connection with the issuance of Additional Notes);
- (4) for so long as any Notes are outstanding, the Issuer will not commence or take any action or facilitate a winding-up, liquidation, dissolution or other analogous proceeding;
- (5) the Issuer will not amend its constitutive documents in any manner which would adversely affect the rights of holders of the Notes in any material respect;
- (6) except as otherwise provided herein, the Issuer will take all actions necessary and within its power to prohibit the transfer of the issued shares in the Issuer by the Share Trustee, except to the extent set forth below under “—*Events of Default and Remedies*”;
- (7) the Issuer will not merge, consolidate, amalgamate or otherwise combine with or into any Person or sell, transfer, lease or otherwise dispose of any material property or assets to any Person (other than any sale or other disposal of property or assets in connection with the incurrence of a Permitted Issuer Lien, following any enforcement action or as otherwise expressly permitted by the Indenture);
- (8) the Issuer will use all reasonable efforts to: (a) maintain books and records separate from any other person or entity; (b) maintain its accounts separate from those of any other person or entity; (c) not commingle its assets with those of any other person or entity; (d) conduct its own business in its own name; (e) observe all corporate formalities; (f) maintain an arms’ length relationship with any affiliates; (g) maintain separate financial statements; (h) pay its own liabilities out of its own funds (other than those contemplated under the Finco Loan, the Finco Accession Agreement, the Fee Letter and the UPC Expenses Agreement and any related or similar agreement); (i) use separate stationery; (j) hold itself out as a separate entity; and (k) correct any known misunderstanding regarding its separate identity;
- (9) the Issuer: (a) will not take any action that would impair any security interests over the Collateral benefiting the Notes in any material respect (other than Permitted Issuer Liens); and (b) will take all actions (including making all filings and registrations) that may be necessary for the purpose of the creation, perfection, protection or maintenance of any Collateral subject to any Notes Security Document;
- (10) the Issuer will use all amounts received (other than amounts not corresponding to required payments under the Notes) under the Finco Loan for application towards amounts payable under the Notes; and
- (11) the Issuer will not grant any waiver or agree to any amendment or waive any rights under any of the Transaction Documents, except with respect to the Required Consent Provisions or in compliance with the provisions of “*Amendment, Supplement and Waiver*”.

Maintenance of the Existence of the Issuer

The Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, in accordance with the its constitutional documents (as the same may be amended from time to time) and the rights (contractual and statutory), licenses and franchises of the Issuer.

In addition, the Issuer will agree that, except as described below under “—*Events of Default and Remedies*”, it will not register any transfer of its issued shares by the Share Trustee.

Minimum Period for Consents under Loan Documents

In the event that the Issuer, as a UPCB Lender under the 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 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 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 Agreement” 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 Notes on a *pro rata* basis.

Indenture. The Issuer will not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver, amendment or supplement of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver, amendment or supplement.

Amendments to Loan Documents to be applied equally to all UPCB Lenders

The Issuer will procure that no member of the UPCB Group will amend, waive or supplement any UPCB Loan Document requiring the consent of Majority Lenders or all UPCB Lenders to amend, waive or supplement, unless such amendment, waiver or supplement applies to all UPCB Lenders; *provided*, this covenant will not apply to 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 Notes in any material respect, (b) any amendment, waiver or supplement consented to by holders of a majority in aggregate principal amount of the then outstanding Notes, in compliance with the provisions of the Indenture described below under “—Amendment, Supplement and Waiver—To the Indenture and the Notes” as if such amendment, waiver or supplement were subject to the majority consent provisions described thereunder or (c) such amendment, waiver or supplement has been consented to by the requisite UPCB Lenders (as determined in accordance with the UPC Broadband Holding Bank Facility), including the Issuer, but irrespective of whether the Issuer, acting on the instructions of the holders of the Notes in accordance with the terms of the Indenture, has voted in favor of the amendment, waiver, or supplement.

Information

For so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, 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 the Ultimate Parent’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 the Ultimate Parent’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 and UPC Broadband Holding will promptly notify the Issuer, the Trustee, the holders of Notes and the holders of Book-Entry Interests in the Notes upon becoming aware of any breach (or other event that would constitute or would be reasonably likely to result in a default) under the UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Fee Letter, the Deed of Covenant or the UPC Expenses Agreement.

Events of Default and Remedies

Events of Default

Each of the following is an “*Event of Default*”:

- (1) default 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.

For purposes of clause (8) above, “**UPCB Event of Default**” means an “Event of Default” as defined in the UPC Broadband Holding Bank Facility (including the Finco Accession Agreement) as then in effect.

Remedies

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Issuer, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default (other than any Event of Default described in Clause (8) above) occurs and is continuing, the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Whether or not the Notes are accelerated pursuant to the provisions of the immediately preceding paragraph, if any Event of Default (other than any Event of Default described in Clause (8) above) occurs and is continuing, any Lien over the Collateral granted under any Security Document will become enforceable; *provided* however, if an Event of Default as described in Clause (8) above occurs and is continuing, any Lien over the (1) UPCB Loan Collateral, (2) Deed of Covenant Collateral, and (3) UPC Expenses Agreement Collateral granted under any Security Document will become enforceable. If such Lien over the Collateral becomes enforceable, the Trustee or Security Agent may at its discretion and shall if so requested in writing by holders representing at least 25% of the principal amount of the Notes then outstanding enforce such Lien in any manner permitted by the Notes Security Documents, including taking possession of, appointing a receiver in respect of and/or realizing all or any part of the Collateral. Pursuant to the Finco Accession Agreement, UPC Broadband Holding has consented to any assignment, transfer or novation of rights and/or obligations (in whole or in part) of the Finco Loan following an Event of Default under the Indenture, including any subsequent assignment, transfer or novation of the Finco Loan, subject to minimum transfer amount of €100,000 and other requirements of a UPCB Lender under the UPC Broadband Holding Bank Facility.

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee and/or the Security Agent in its exercise of any trust or power. The Trustee and/or the Security Agent may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest, premium or Additional Amounts (if any).

Subject to the provisions of the Indenture relating to the duties of the Trustee and/or the Security Agent, in case an Event of Default occurs and is continuing, the Trustee and/or the Security Agent will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes, unless such holders have offered to the Trustee and/or the Security Agent indemnity or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts (if any) when due, no holder of a Note may pursue any remedy (other than the exchange of the Notes for UPCB Exchange Loans as described below) with respect to the Indenture or the Notes unless:

- (1) such holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) holders of at least 50% in aggregate principal amount of the then outstanding Notes have requested the Trustee and/or the Security Agent to pursue the remedy;
- (3) such holders have offered the Trustee and/or the Security Agent reasonable security or indemnity satisfactory to it against any loss, liability or expense;
- (4) the Trustee and/or the Security Agent has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee and/or the Security Agent a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or an enforcement action or waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or premium on, Additional Amounts with respect to, or the principal of, the Notes.

Notwithstanding any provision in the Indenture, the Notes, the Note Security Documents or otherwise to the contrary, the obligations of the Issuer to the Trustee, the Security Agent, the 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 Notes may take any further steps to recover any sum still unpaid in respect of the Notes, the Indenture or any of the Note Security Documents or otherwise and all claims against the Issuer in respect of any such sum due but still unpaid shall be extinguished.

Exchange of Notes for UPCB Loans

Upon the occurrence of an Event of Default under the Indenture which is continuing (an “**Exchange Triggering Event**”), a holder of Notes may exchange all or part of its Notes (including in connection with a transfer to a third party) into a like aggregate principal amount of the Finco Loan equal to the aggregate principal amount of Notes so exchanged, 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 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.

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 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 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 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 Agreement

In the event that the Issuer, as a UPCB Lender, is eligible or required to vote (or otherwise consent) (including with respect to any enforcement decision) with respect to any matter, other than the Required Consent Provisions, arising from time to time under the UPC Broadband Holding Bank Facility or under the Finco Accession Agreement in which all UPCB Lenders are eligible or required to vote (or otherwise consent) (a “**UPC Broadband Holding Bank Facility Decision**”), the Issuer will solicit votes (or other consents) from the holders of Notes (each, a “**Noteholder Consent**”) with respect to such UPC Broadband Holding Bank Facility Decision in accordance with the provisions of the Indenture described above under “—*Certain Covenants—Minimum Period for Consents under Loan Documents*”. Upon the expiration of the applicable consent period, the 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 the Finco Accession Agreement, the UPCB Facility Agent will be authorized to apply the Noteholder Consent to the UPC Broadband Holding Bank Facility Decision, at the direction of the Issuer or Trustee, as follows:

$$\frac{(OLC+BC+OBC)}{OL}$$

Threshold Amount

OL

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 as of the Issue Date)

OBC = aggregate principal amount of SPV Notes issued by all SPV Issuers (other than any SPV Notes issued by the Issuer) consenting; *provided*, with respect to each SPV Issuer (other than the Issuer), where at least a majority in aggregate principal of SPV Notes issued by such SPV Issuer that respond to such solicitation provide consent, OBC with respect to such SPV Issuer will be deemed to equal the aggregate principal amount of the SPV Notes outstanding and issued by such SPV Issuer

OL = aggregate Commitments under the UPC Broadband Holding Bank Facility

“Commitments” means the aggregate undrawn Additional Facility Commitments (as defined in the UPC Broadband Holding Bank Facility) and participations in outstanding Advances (as defined in the UPC Broadband Holding Bank Facility) under the UPC Broadband Holding Bank Facility.

To the extent the Threshold Amount (expressed as a percentage) is greater than or equal to the required percentage of UPCB Lender consents with respect to any UPC Broadband Holding Bank Facility Decision, the entire amount of the Finco Loan will be voted in favor of the matter the subject of such UPC Broadband Holding Bank Facility Decision. To the extent the Threshold Amount is less than the required percentage of UPCB Lender consents with respect to any UPC Broadband Holding Bank Facility Decision, the entire amount of the Finco Loan will be voted against the matter the subject of such UPC Broadband Holding Bank Facility Decision.

Except as provided in the next succeeding paragraph, any provision or term of the Finco Accession Agreement and the UPC Broadband Holding Bank Facility applicable only to the Finco Loan or to a several right of the Issuer, as UPCB Lender, may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or event of default in respect of, or compliance with, any such provision or term may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), an amendment, supplement or waiver of the Finco Accession Agreement may not (with respect to any Notes held by a non-consenting holder):

- (1) reduce the stated rate of or extend the stated time for payment of interest under the Finco Loan;
- (2) reduce any amounts payable in respect of any prepayment of the Finco Loan;
- (3) reduce the principal of or extend the Stated Maturity of the Finco Loan;
- (4) make the Finco Loan payable in a currency other than that stated in the Finco Accession Agreement (except to the extent the currency stated in the Finco Accession Agreement has been succeeded or replaced pursuant to applicable law); or
- (5) modify the payment terms of the Finco Accession Agreement.

To the Indenture and the Notes

Except as provided in the next succeeding paragraphs, the Indenture, the Notes, any Notes Security Document, the Deed of Covenant, the Fee Letter and the UPC Expenses Agreement may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, any Note Security Document, the Deed of Covenant, the Fee Letter and the UPC Expenses Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), an amendment, supplement or waiver of the Indenture, the Notes, any Notes Security Document, the Deed of Covenant, the Fee Letter and the UPC Expenses Agreement may not (with respect to any Notes held by a non-consenting holder):

- (1) reduce the principal amount of Notes whose holders must consent to an amendment waiver or other determination;

- (2) reduce the stated rate of or extend the stated time for payment of interest or Additional Amounts on any Note;
- (3) reduce the principal of or extend the Stated Maturity of any Note or alter the provisions with respect to the redemption of the Notes;
- (4) make any Note payable in a currency other than that stated in the Note (except to the extent that the currency stated in the Notes has been succeeded or replaced pursuant to applicable law);
- (5) impair the right of any holder to receive payment of, premium, if any, principal of or interest or Additional Amounts, if any, on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes;
- (6) make any change in these amendment or waiver provisions;
- (7) impair the right of any holder of Notes to exchange its Notes for UPCB Exchange Loans in accordance with "*Events of Default and Remedies—Exchange of Notes for UPCB Loans*"; or
- (8) to release any Lien on the Collateral except in accordance with the terms of the Indenture and the Notes Security Documents.

Notwithstanding the preceding two paragraphs, without the consent of any holder of Notes, the Issuer and the Trustee and/or the Security Agent may amend or supplement the Indenture, the Notes, any Notes Security Document, the Deed of Covenant, the Fee Letter and the UPC Expenses Agreement:

- (1) to cure any ambiguity, omission, manifest error, 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 rights of any such holder in any material respect;
- (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 terms of the Indenture;
- (6) to the extent necessary to allow the Issuer to participate on the same terms as other UPCB Lenders in an offer to purchase or otherwise acquire UPCB Loans by any member of the UPCH Group made in compliance with the requirements set out under "Open Market Purchases of UPCB Loans";
- (7) to release any Lien on the Collateral in accordance with the terms of the Indenture and the Notes Security Documents;
- (8) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof;
- (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;
- (10) provide for a reduction in the minimum denomination of the Notes; *provided that* such reduction would not result in a breach of applicable securities laws or in a requirement to produce a prospectus or

otherwise register the Notes with any regulatory authority in connection with any investment therein or resale thereof; or

- (11) comply with the rules of any applicable securities depository.

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 Notes when:

- (1) either:
- (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Paying Agent or Registrar for cancellation; or
 - (b) (i) all Notes that have not been delivered to the 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, 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 Financial 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 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 euro (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, as such term is used in the U.S. Trust Indenture Act of 1939, as amended, 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 Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange shall so require, copies of the Indenture, the UPC Broadband Holding Bank Facility and the Finco Accession Agreement, the Deed of Covenant, the Fee Letter and the UPC Expenses Agreement may be obtained, free of charge, during normal business hours at the offices of the Paying Agent.

Governing Law

The Indenture and the Notes are governed by, and construed in accordance with, the laws of the State of New York. The UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Deed of Covenant and the Fee Letter will be governed by, and construed in accordance with, English law. The Notes Security Documents and the UPC Expenses Agreement will be governed by, and construed in accordance with, Cayman Islands law.

Consent to Jurisdiction and Service of Process

The Issuer will irrevocably submit to the jurisdiction of any New York state or U.S. federal court located in The Borough of Manhattan, City of New York, State of New York in relation to any legal action or proceeding (1) arising out of, related to or in connection with the Indenture or the Notes and (2) arising under any U.S. federal or state securities laws. The Issuer will appoint an agent for service of process in New York in any such action or proceeding.

Enforceability of Judgments

Since the assets of the Issuer are outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, Additional Amounts and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

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.

“**Affiliate**” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Applicable Premium**” means with respect to a Note at any redemption date prior to June 15, 2022, the excess of (1) the present value at such redemption date of (a) the redemption price of such Note on June 15, 2022 (such redemption price being described under “—*Optional Redemption of the Finco Loan—Redemption on or after June 15, 2022*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Note through June 15, 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate plus 50 basis points over (2) the principal amount of such Note on such redemption date.

“**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 redemption date to June 15, 2022 and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to June 15, 2022; *provided, however*, that, if the period from such redemption date to June 15, 2022 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to June 15, 2022, is less than one year, a fixed maturity of one year shall be used;
- (2) “**Comparable German Bund Price**” means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer, a Parent or UPC Broadband Holding 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 Board of Directors or senior management of the Issuer, a Parent or UPC Broadband Holding 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 Board of Directors or senior management of the Issuer or UPC Broadband Holding 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 Issuer, a Parent or UPC Broadband Holding by such Reference German Bund Dealer at 3.30 p.m. Frankfurt, Germany, time on a day no earlier than the third Business Day preceding the date of the delivery of 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 or obligations, insured or unconditionally guaranteed by the United States government, the government of the United Kingdom, the relevant member state of the European Union as of January 1, 2004 (each, a **“Qualified Country”**) or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof;
- (2) securities or obligations issued by any Qualified Country or any political subdivision of any such Qualified Country, or any public instrumentality thereof, having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having a an investment grade rating generally obtainable from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, then from another nationally recognized rating service in any Qualified Country);
- (3) commercial paper issued by any lender party to a Credit Facility or any bank holding company owning any lender party to a Credit Facility;
- (4) commercial paper maturing no more than 12 months after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (5) time deposits, eurodollar time deposits, bank deposits, certificates of deposit or bankers’ acceptances maturing no more than two years after the date of acquisition thereof issued by any lender party to a Credit Facility or any other bank or trust company (x) having combined capital and surplus of not less than \$250.0 million in the case of U.S. banks and \$100.0 million (or the U.S. Dollar equivalent thereof) in the case of non-U.S. banks or (y) the long-term debt of which is rated at the time of acquisition thereof at least “A-” or the equivalent thereof by Standard & Poor’s Ratings Services, or “A-” or the equivalent thereof by Moody’s Investors Service, Inc. (or if at the time neither is issuing comparable ratings, then a comparable rating of another nationally recognized rating agency in any Qualified Country);
- (6) auction rate securities rated at least Aa3 by Moody’s and AA- by S&P (or, if at any time either S&P or Moody’s shall not be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (7) repurchase agreements or obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1), (2) and (5) above entered into with any bank meeting the qualifications specified in clause (5) above or securities dealers or recognized national standing;
- (8) marketable short-term money market and similar funds (x) either having assets in excess of \$250.0 million (or U.S. Dollar equivalent thereof) or (y) having a rating of at least A-2 or P-2 from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (9) interests in investment companies or money market funds, 95% the investments of which are one or more of the types of assets or instruments described in clauses (1) through (8) above; and
- (10) in the case of investments by the Issuer or any Subsidiary organized or located in a jurisdiction other than the United States or a member state of the European Union (or any political subdivision or territory thereof), or in the case of investments made in a country outside the United States, other customarily utilized high-quality investments in the country where such Subsidiary is organized or located or in which such Investment is made, all as conclusively determined in good faith by the Issuer.

“Clearstream” means Clearstream Banking, *societe anonyme*.

“**Collateral**” has the meaning set forth above under “—*Security*”.

“**continuing**” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“**Credit Facility**” means, one or more debt facilities, arrangements, instruments, trust deeds, note purchase agreements, indentures or commercial paper facilities or overdraft facilities (including, without limitation, the facilities made available under the UPC Broadband Holding Bank Facility) with banks or other institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, notes, bonds, debentures or other Financial 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 Financial Indebtedness incurred thereunder or contemplated thereby, (ii) adding additional borrowers or guarantors thereunder, (iii) increasing the amount of Financial 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 Financial 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.

“**Equity Offering**” means (1) the distribution of Capital Stock of the Spin Parent in connection with any Spin-Off, or (2) a sale of (a) Capital Stock of UPC Broadband Holding or UPC Financing (other than Disqualified Stock), (b) 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 (c) Subordinated Shareholder Loans.

“Escrowed Proceeds” means the proceeds from the offering of any debt securities or other Financial Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term “Escrowed Proceeds” shall include any interest earned on the amounts held in escrow.

“euro” or **“€”** means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

“Euroclear” means the Euroclear system.

“European Union” means the European Union, including member states as of May 1, 2004 but excluding any country which became or becomes a member state of the European Union after May 1, 2004.

“Financial Indebtedness” has the meaning ascribed thereto in the UPC Broadband Holding Bank Facility as in effect on the Issue Date.

“Finco Accession Agreement” means the €600 million additional facility accession agreement to be dated on or about the Closing 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, as in effect as of the date of the Indenture or, with respect to the covenant *“—Information”*, 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 **“GAAP”** shall mean GAAP as in effect on a date that is on or prior to the date of such election. Except as otherwise expressly provided below or in the Indenture, all ratios and calculations based on GAAP contained in the Indenture shall be computed in conformity with GAAP. At any time after the Issue Date, the Issuer may elect to apply for all purposes of the Indenture, in lieu of GAAP, IFRS, and, upon such election, references to GAAP herein will be construed to mean IFRS as in effect 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, at the option of the Issuer, (a) continue to be computed in conformity with GAAP (provided that, following such election, the annual information of the Issuer required by the third paragraph of the covenant *“—Information”* shall include a reconciliation, either in the footnotes thereto or in a separate report delivered therewith, of such GAAP presentation to the corresponding IFRS presentation of such financial information), or (b) be computed in conformity with IFRS with retroactive effect being given thereto assuming that such election had been made on the Issue Date. Thereafter, the 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 VII Limited and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

“Joint Venture Parent” means the joint venture entity formed in a Parent Joint Venture Transaction.

“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, any Board Member, 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.

“Parent” means (i) the Ultimate Parent, (ii) any Subsidiary of the Ultimate Parent of which UPC Broadband Holding or UPC Financing is a Subsidiary on the Issue Date, (iii) any other Person of which UPC Broadband Holding or UPC Financing at any time is or becomes a Subsidiary after the Issue Date (including, for the avoidance of doubt, the Spin Parent and any Subsidiary of the Spin Parent following any Spin-Off) and (iv) any Joint Venture Parent, any Subsidiary of the Joint Venture Parent and any Parent Joint Venture Holders following any Parent Joint Venture Transaction.

“Parent Joint Venture Holders” means the holders of the share capital of the Joint Venture Parent.

“Parent Joint Venture Transaction” means a transaction pursuant to which a joint venture is formed by the contribution of some or all of the assets of a Parent or issuance or sale of shares of a Parent to one or more entities which are not Affiliates of the Ultimate Parent, including the JV Transactions.

“Permitted 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;

- (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; and
- (5) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Financial Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Financial Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Financial Indebtedness and are held in escrow accounts or similar arrangements to be applied for such purpose.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision 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 September 5, 2012.

"Spin-Off" means a transaction by which all outstanding ordinary shares of UPC Broadband Holding, UPC Financing, or a Parent of UPC Broadband Holding or UPC Financing directly or indirectly owned by the Ultimate Parent are distributed to (x) all of the Ultimate Parent's shareholders, or (y) all of the shareholders comprising one or more group of the Ultimate Parent's shareholders as provided by the Ultimate Parent's articles of association, in each case, either directly or indirectly through the distribution of shares in a company holding UPC Broadband Holding's shares, UPC Financing's shares, or a Parent's shares.

"Spin Parent" means the Person the shares of which are distributed to the shareholders of the Ultimate Parent pursuant to the Spin-Off.

"SPV 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.

"Ultimate Parent" means (1) Liberty Global and any and all successors thereto or (2) upon consummation of a Spin-Off, "Ultimate Parent" will mean the Spin Parent and its successors, and (3) upon consummation of a Parent Joint Venture Transaction, "Ultimate Parent" will mean each of the top tier Parent entity of the Joint Venture Holders and their successors.

"UPCB Holding Intercreditor Deed" means the intercreditor deed dated January 16, 2004, between, among others, the facility agent under the UPCB Holding Bank Facility and certain subsidiaries of the Issuer, as amended, amended and/or restated, supplemented or otherwise modified from time to time (including, without limitation, on or following the Closing Date).

“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 and restated by an amendment agreement dated June 24, 2004 and as amended by amendment letters dated July 22, 2004 and December 2, 2004, subsequently amended and restated on March 7, 2005 and amended by an amendment letter dated December 15, 2005, amended and restated on 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 and further amended and restated February 9, 2016, and as further amended from time to time) between, among others, UPC Broadband Holding, the obligors listed therein and The Bank of Nova Scotia as facility agent and security agent.

“UPC Exchange Transaction” means an exchange offer by UPC Broadband Holding or UPC Financing pursuant to which one or more series of UPC Qualified Notes are offered in exchange for all outstanding Notes issued under the Indenture; provided, that (i) no Default or Event of Default has occurred and is continuing at the time any such exchange offer is made or would result therefrom, (ii) holders of a majority in aggregate principal amount of the outstanding Notes have elected to participate in such offer, (iii) for each \$1,000 in principal amount of Notes tendered and accepted, each holder tendering such Notes will receive \$1,000 in principal amount of UPC Qualified Notes, (iv) the exchange offer complies with Rule 14e-1 under the U.S. Exchange Act and any other applicable securities law or regulation, (v) UPC Broadband Holding or UPC Financing accepts for exchange all Notes tendered in such exchange offer and issues the relevant UPC Qualified Notes in exchange therefor and (vi) the exchange offer is open to all holders of the notes on substantially similar terms. 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

The Global Notes

The Notes offered hereby are denominated in euro.

The 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 global form without interest coupons attached (the “**Regulation S Global Notes**”). The Regulation S Global Notes will be deposited upon issuance with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

The Notes sold within the United States to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act, in a private transaction in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) thereof will initially be represented by one or more global notes in registered form without interest coupons attached (the “**144A Global Notes**” and, together with the Regulation S Global Notes, the “**Global Notes**”). The 144A Global Notes will be deposited upon issuance with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

The Regulation S Global Notes and the 144A Global Notes are collectively referred to herein as the “**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 Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, “holders” of Book-Entry Interests will not be considered the owners or “holders” of the Notes for any purpose. Only the registered holder of a Note will be treated as the owner of such Note.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable, (or their respective nominees) will be considered the sole holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Redemption of Global Notes

In the event that any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note, subject to any applicable withholding taxes. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and/or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof), subject to any applicable withholding taxes. The Issuer understands that under existing practices of Euroclear and/or Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and/or Clearstream will credit their respective participants’ accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on any other basis that they deem fair and appropriate; provided, that no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depository for Euroclear and/or Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in “street name”.

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such Notes through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, Euroclear and Clearstream reserves their right, subject to certain restrictions, to exchange the Global Notes for Definitive Registered Notes (as defined below) in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive notes in registered form (“**Definitive Registered Notes**”):

- if Euroclear and/or Clearstream (with respect to the Global Notes) notifies us that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by us within 120 days;
- in whole, but not in part, if the Issuer, Euroclear and/or Clearstream so requests following an Event of Default under the Indenture; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear and/or Clearstream or to the Issuer following an Event of Default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause, its current procedure is to request that the Issuer issues or causes to be issued the Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, 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 registrar shall treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time by the Registrar on behalf of the Issuer, and such registration is a means of evidencing title to the Notes.

The Issuer shall not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

Transfers

The Global Notes will bear a legend to the effect set forth in “*Transfer Restrictions*”. Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in “*Transfer Restrictions*”.

Through and including the 40th day after the later of the commencement of the offering of the Notes and the closing of the offering (the “**40-day period**”), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the 144A Global Note only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (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 all applicable securities laws of any other jurisdictions.

After the expiration of the 40-day period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the 144A Global Note without compliance with these certification requirements.

Beneficial interests in a 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act (if available).

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*”.

Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that

settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Issuer will make an application to have the Notes represented by the Global Notes listed on the Official List of the Irish Stock Exchange and to be admitted for trading on the Global Exchange Market. We expect that any permitted secondary market trading activity in the Notes will also be settled in immediately available funds.

Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers in interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear and 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. None of the Issuer, the Trustee or any Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchaser 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.

TRANSFER RESTRICTIONS

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 contains 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); (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; AND (3) IF IT IS OR IS ACTING ON BEHALF OF A BENEFIT PLAN INVESTOR, THE DECISION TO PURCHASE THE NOTES HAS BEEN MADE BY A DULY AUTHORIZED FIDUCIARY (EACH, A “**PLAN FIDUCIARY**”) WHO IS INDEPENDENT OF THE ISSUER AND ITS AFFILIATES, WHICH PLAN FIDUCIARY (A) IS A FIDUCIARY UNDER ERISA OR THE CODE, OR BOTH, WITH RESPECT TO THE DECISION TO PURCHASE THE NOTES, (B) IS NOT THE INDIVIDUAL RETIREMENT ACCOUNT (“**IRA**”) OWNER (IN THE CASE OF AN ACQUIRER OR TRANSFEREE WHICH IS AN IRA), (C) IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO THE PROSPECTIVE INVESTMENT IN THE NOTES, (D) HAS EXERCISED INDEPENDENT JUDGMENT IN EVALUATING WHETHER TO INVEST THE ASSETS OF SUCH BENEFIT PLAN INVESTOR IN THE NOTES, AND (E) IS EITHER A BANK, AN INSURANCE CARRIER, A REGISTERED INVESTMENT ADVISER, A REGISTERED BROKER-DEALER OR AN INDEPENDENT FIDUCIARY WITH AT LEAST \$50 MILLION OF ASSETS UNDER MANAGEMENT OR CONTROL; PROVIDED, HOWEVER, THAT ACQUIRERS AND TRANSFEREES WILL NOT BE DEEMED TO MAKE THE REPRESENTATIONS IN THIS CLAUSE (3) TO THE EXTENT THAT THE REGULATIONS UNDER SECTION 3(21) OF ERISA ISSUED BY THE U.S. DEPARTMENT OF LABOR ON APRIL 8, 2016 ARE RESCINDED OR OTHERWISE ARE NOT IMPLEMENTED IN THEIR CURRENT FORM.

- (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., Boeingavenue 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 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); (B) neither the Issuer nor any of its affiliates is a “Fiduciary” (within the meaning of Section 3(21) of ERISA or Section 4975 of the Code or, with respect to a governmental, church or non-U.S. plan, any definition of “fiduciary” under Similar Laws) with respect to you, as the purchaser or holder, in connection with your purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of you, as the purchaser or holder, in connection with the Notes and the transactions contemplated with respect to the Notes; and (C) if you are or are acting on behalf of a Benefit Plan Investor, the decision to purchase the Notes has been made by a duly authorized fiduciary (each, a Plan Fiduciary) who is independent of the Issuer and its affiliates, which Plan Fiduciary (A) is a fiduciary under ERISA or the Code, or both, with respect to the decision to purchase the Notes, (B) is not the IRA owner (in the case that you are, or are acting on behalf of, an IRA), (C) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Notes, (D) has exercised independent judgment in evaluating whether to invest the assets of such Benefit Plan Investor in the Notes, and (E) is either a bank, an insurance carrier, a registered investment adviser, a registered broker-dealer or an independent fiduciary with at least \$50 million of assets under management or control; provided, however, that you will not be deemed to make the representations in this clause (C) to the extent that the regulations under Section 3(21) of ERISA issued by the U.S. Department of Labor on April 8, 2016 are rescinded or otherwise are not implemented in their current form.

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 (2011 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 (2011 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 (2011 Revision).

These concessions shall be for a period of TWENTY years from the 14th day of February 2012.

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) created or 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 has filed IRS Form 8832, effective December 7, 2016, electing to be treated as an entity disregarded from its sole owner for U.S. federal income tax purposes.

Redemptions and Additional Payments

In certain circumstances (see “Description of the Notes—Optional Redemption,” “Description of the Notes—Withholding Taxes”, and “Description of the Notes—Certain Covenants”), the Issuer may be obligated to make payments in excess of stated interest and principal of the Notes or redeem the Notes above par 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 such payments 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.

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 spot 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 in an amount equal to any 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 payment 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 $\frac{1}{4}$ of 1% of the debt instrument’s stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity. The “stated redemption price at maturity” of a Note is the sum of all payments required to be made on the Note other than qualified stated interest payments.

If a Note is issued with OID, a U.S. Holder generally will be required to include OID in income before the receipt of the associated cash payment, regardless of such U.S. Holder’s accounting method for tax purposes. The amount of OID a U.S. Holder should include in income is the sum of the “daily portions” of the OID for the Note for each day during the taxable year (or portion of the taxable year) in which the Note is held by such U.S. Holder. The daily portion is determined by allocating 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 generally 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., Boeingavenue 53, Schiphol-Rijk, 1119 PE, the Netherlands, +31 (0)20 778 2964.

Any OID on a Note generally will be determined for any accrual period in euros and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder. For these purposes, all receipts on a Note other than stated interest will be viewed first, as receipts of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and second, as receipts of principal. Upon receipt of an amount attributable to OID (whether in connection with a sale or disposition of a Note or otherwise), a U.S. Holder generally will recognize foreign currency gain or loss in an amount determined in the same manner as interest income received by a holder on the accrual basis, as described above. Holders are urged to consult their own tax advisors regarding the interplay between the application of the OID and foreign currency exchange gain or loss rules. The rules regarding OID are complex. U.S. Holders are urged to consult their own tax advisors regarding the application of these rules to their particular situations.

Sale, Exchange, Retirement or Other Taxable Disposition

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

A U.S. Holder’s adjusted tax basis in a Note generally will be its U.S. dollar cost increased by the amount of any OID previously included in income and decreased by payments other than stated interest made with respect to the Note. If a U.S. Holder purchases a Note with euros, the U.S. dollar cost of the Note generally will be the U.S. dollar value of the purchase price on the date of purchase calculated at the spot rate of exchange on that date. The amount realized upon the disposition of a Note generally will be the U.S. dollar value of the amount received on the date of the disposition calculated at the spot rate of exchange on that date. However, if the Note is traded on an established securities market, a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder) should determine the U.S. dollar value of the cost of or amount received on the Note, as applicable, by translating the amount paid or received at the spot rate of exchange on the settlement date of the purchase or disposition, as applicable. The election available to accrual basis U.S. Holders in respect of the purchase and disposition of Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. An accrual basis U.S. Holder that does not make the special election will recognize foreign currency exchange gain or loss to the extent attributable to the difference between the exchange rates on the trade date and settlement date, and such gain or loss generally will constitute ordinary income or loss.

Subject to the foreign currency rules, any gain or loss recognized on the sale, exchange, retirement, or other taxable disposition of a Note generally will be U.S. source capital gain or loss. Gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Note 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.

Gain or loss recognized by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a Note, with respect to the principal of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in foreign currency exchange rates during the period in which the U.S. Holder held such Note. Such foreign currency gain or loss will equal the difference between (i) the U.S. dollar value of the U.S. Holder’s euro purchase price for the Note calculated at the spot rate of exchange on the date of the sale, exchange, retirement or other taxable disposition and (ii) the U.S. dollar value of the U.S. Holder’s euro purchase price for the Note calculated at the spot rate of exchange on the date of purchase of the Note. The realization of any foreign currency gain or loss, with respect to principal and 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 a Note.

If the Notes are redeemed pursuant to the special optional redemption in connection with a UPC Exchange Transaction (see “*Description of the Notes*”), a U.S. Holder generally would recognize gain or loss as described in the preceding paragraph.

Exchange of Amounts in Other than U.S. Dollars

If a U.S. Holder receives euros as interest on a Note or on the sale, exchange, retirement or other taxable disposition of a Note, such U.S. Holder’s tax basis in the euros will equal the U.S. dollar value when the euros are received. If a U.S. Holder purchased a Note with previously owned non-U.S. currency, gain or loss 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 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 the Treasury Regulations, U.S. Holders that participate in “reportable transactions” (as defined in the Treasury 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 Treasury 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 described in “*Description of the Notes*”). These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may not be fungible for U.S. federal income tax purposes with the original Notes. In such case, the Additional Notes may be considered to have OID (or a greater amount of OID) which may affect the market value of the original Notes if the Additional Notes are not otherwise distinguishable from the original Notes.

Alternative Characterization of the Notes

The proper characterization of instruments such as the Notes for U.S. federal income tax purposes is uncertain. It is possible 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 holders’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 net 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, unless that foreign entity complies with certain reporting rules under FATCA. 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 the Notes are not subject to the FATCA withholding rules. If, however, the Notes are modified at a time when the grandfathering rules are no longer available (i.e., more than six months after the date final regulations defining a “foreign passthru payment” are published), withholding can apply and holders and beneficial owners of the Notes will not be entitled to receive any Additional Amounts to compensate them for any 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. Prospective holders should consult their tax advisors regarding the possible implications of this legislation on their investment in the Notes.

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

Cayman Islands Tax Information Authority Law

The Cayman Islands—Automatic Exchange of Financial Account Information

The Cayman Islands has entered into two intergovernmental agreements to improve international tax compliance and the exchange of information—one with the United States and one with the United Kingdom (the “**US IGA**” and the “**UK IGA**”, respectively). The Cayman Islands has also signed, along with over 80 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information—Common Reporting Standard (the “**CRS**” and together with the US IGA and the UK IGA, “**AEOI**”).

The Cayman Islands Tax Information Authority Law (2016 Revision) and related regulations have been issued to give effect to the US IGA, the UK IGA and the CRS (collectively, the “**AEOI Regulations**”). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the “**TIA**”) has published guidance notes on the application of the US and UK IGAs and the CRS. It is anticipated that the UK IGA related regulations and relevant provisions of the guidance notes will be phased out in 2017 and replaced with the CRS.

All Cayman Islands “Financial Institutions” (including the Issuer) are required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless the Issuer can rely on an exemption that permits it to be treated as a “Non-Reporting Cayman Islands Financial Institution” (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes, in which case only the registration requirement would apply under the CRS. The Issuer does not propose to rely on any reporting exemption and will therefore comply with all the requirements of the AEOI Regulations as a “Reporting Financial Institution”.

The AEOI Regulations require the Issuer to, among other things, (i) register with the IRS to obtain a Global Intermediary Identification Number (for the purposes of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a “Reporting Financial Institution”, (iii) adopt and implement written policies and procedures setting out how it will address its obligations under the CRS, (iv) conduct due diligence on its accounts to identify whether any such accounts are considered “Reportable Accounts”, and (v) report information on such Reportable Accounts to the TIA. The TIA will transmit such information to the applicable overseas fiscal authorities.

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 Noteholders unless the Issuer has otherwise assumed responsibility for withholding under United States tax law.

CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain fiduciary standards and certain other requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) that are subject to 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, 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 Section 4975 of 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 (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); (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; AND (3) IF IT IS OR IS ACTING ON BEHALF OF A BENEFIT PLAN INVESTOR, THE DECISION TO PURCHASE THE NOTES HAS BEEN MADE BY A DULY AUTHORIZED FIDUCIARY (EACH, A "**PLAN FIDUCIARY**") WHO IS INDEPENDENT OF THE ISSUER AND ITS AFFILIATES, WHICH PLAN FIDUCIARY (A) IS A FIDUCIARY UNDER ERISA OR THE CODE, OR BOTH, WITH RESPECT TO THE DECISION TO PURCHASE THE NOTES, (B) IS NOT THE INDIVIDUAL RETIREMENT ACCOUNT ("**IRA**") OWNER (IN THE CASE OF AN ACQUIRER OR TRANSFEREE WHICH IS AN IRA), (C) IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO THE PROSPECTIVE INVESTMENT IN THE NOTES, (D) HAS EXERCISED INDEPENDENT JUDGMENT IN EVALUATING WHETHER TO INVEST THE ASSETS OF SUCH BENEFIT PLAN INVESTOR IN THE NOTES, AND (E) IS EITHER A BANK, AN INSURANCE CARRIER, A REGISTERED INVESTMENT ADVISER, A REGISTERED BROKER-DEALER OR AN INDEPENDENT FIDUCIARY WITH AT LEAST \$50 MILLION OF ASSETS UNDER MANAGEMENT OR CONTROL; PROVIDED, HOWEVER, THAT ACQUIRERS AND TRANSFEREES WILL NOT BE DEEMED TO MAKE THE REPRESENTATIONS IN THIS CLAUSE (3) TO THE EXTENT THAT THE REGULATIONS UNDER SECTION 3(21) OF ERISA ISSUED BY THE U.S. DEPARTMENT OF LABOR ON APRIL 8, 2016 ARE RESCINDED OR OTHERWISE ARE NOT IMPLEMENTED IN THEIR CURRENT FORM.

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.

Nothing set forth herein constitutes a recommendation that any person take or refrain from taking any course of action within the meaning of U.S. Department of Labor Regulation §2510.3-21(b)(1).

PLAN OF DISTRIBUTION

The Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Issuer, the entire principal amount of the Notes. The sale will be made pursuant to a purchase agreement dated 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, Notes in an aggregate principal amount of €600 million.

The Initial Purchasers offered each of the Notes for resale at the issue price that appears on the cover of this Offering Memorandum. Depending on market conditions, certain of the Initial Purchasers may decide to initially purchase and hold a portion of the Notes for their own accounts. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

In 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 Credit Suisse Securities (Europe) Limited with respect to the 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. Terms used above have the meanings given to them by Rule 144A and Regulation S under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Notes, see “*Transfer Restrictions*”.

The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

In connection with sales outside the United States (other than sales pursuant to Rule 144A), the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each dealer to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S under the U.S. Securities Act, until 40 days after the later of the commencement of this offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the U.S. Securities Act.

United Kingdom

In the Purchase 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 U.K.; and
- (ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to such Initial Purchaser.

Each Initial Purchaser has also agreed in the Purchase Agreement that it has complied with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Memorandum, and will subject to certain provisions in the relevant Purchase Agreement, obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force.

This Offering Memorandum is directed solely at persons who (i) are outside the U.K. or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "relevant persons"). This Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

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.

The Netherlands

The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in the Netherlands other than to qualified investors (*gekwalficeerde beleggers*) as defined in the Netherlands 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. Notwithstanding the foregoing, the Issuer may at its sole option at any time, without the consent of the holders of the Notes or the Trustee, de-list the Notes from any stock exchange for the purposes of moving the listing of such Notes to the Official List of The International Stock Exchange. 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 five 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+5**”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next succeeding 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 in accordance with Regulation M under the Exchange Act and applicable rules of the U.K. Financial Services Authority. Overallotment involves sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Stabilizing Managers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

Certain of the Initial Purchasers or their respective affiliates have arranged and made loans to subsidiaries of 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.

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. In addition, certain of the Initial Purchasers or their respective 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.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, including securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or 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/interest rate swap contracts that we may enter into with respect to the Notes.

LEGAL MATTERS

Certain legal matters in connection with this offering have been 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 have been 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 NautaDutilh N.V., Amsterdam, The Netherlands, as to matters of Dutch law.

ENFORCEMENT OF JUDGMENTS

Cayman Islands

The Issuer is incorporated under the laws of the Cayman Islands. All 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 Liberty Global Services, LLC 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.

The Netherlands

Certain of the Guarantors are Dutch Companies. As a result, it may be difficult for investors to enforce judgments obtained in non Dutch courts against the Dutch Companies.

The Netherlands does not currently have a treaty with the United States providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any court in any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in the Netherlands. In order to obtain a judgment which is enforceable in the Netherlands, the claim must be re litigated if it finds that (i) the jurisdiction of the U.S. court has been based on grounds that are internationally acceptable, (ii) the judgment by the U.S. court was rendered in legal proceedings that comply with the standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*), (iii) the judgment by the U.S. court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for acknowledgement in the Netherlands and (iv) the final judgment does not contravene public policy (*openbare orde*) of the Netherlands.

Subject to the foregoing and provided that service of process occurs in accordance with applicable treaties, investors may be able to enforce in the Netherlands, judgments in civil and commercial matters obtained from U.S. federal or state courts. Moreover, a Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

Enforcement and recognition of judgments of U.S. courts in the Netherlands are governed by the provisions of the Dutch Civil Procedure Code (*Wetboek van Burgerlijke Rechtsvordering*).

INDEPENDENT AUDITORS OF UPC HOLDING

The consolidated balance sheets of UPC Holding and its subsidiaries as of December 31, 2016 and 2015, and the consolidated statements of operations, comprehensive loss, owners' deficit, and cash flows for each of the years in the three year period ended December 31, 2016, included in this Offering Memorandum, have been audited by KPMG Accountants N.V., Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands, independent auditors, as stated in their report appearing herein. KPMG Accountants N.V. is governed by Dutch law in the Netherlands.

LISTING AND GENERAL INFORMATION

Maples and Calder, as the Irish Listing Agent, is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Global Exchange Market of the Irish Stock Exchange.

The listing of the Notes on the Irish Stock Exchange's Global Exchange Market will be expressed in euro. 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 Paying Agent so long as the Notes are listed on the Irish Stock Exchange's Global Exchange Market:

- (1) the memorandum and articles of association of the Issuer;
- (2) the December 31, 2014 financial statements of the Issuer;
- (3) the December 31, 2015 financial statements of the Issuer;
- (4) the December 31, 2016 Consolidated Financial Statements;
- (5) the March 31, 2017 Condensed Consolidated Financial Statements;
- (6) the Indenture;
- (7) the Purchase Agreement;
- (8) the Finco Accession Agreement;
- (9) the Notes Security Documents;
- (10) the Fee Letter;
- (11) the Expenses Agreement;
- (12) the Deed of Covenant;
- (13) the UPC Broadband Holding Bank Facility; and
- (14) the Partnership Agreement of UPC Financing.

Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published by the Companies Announcement Office of the Irish Stock Exchange.

The net proceeds of the offering of the Notes together with the fees payable to the Issuer by UPC Financing under the Fee Letter are expected to be €600 million.

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under the common codes 163425262 and 163425319, respectively. The ISIN number for the Notes sold pursuant to Regulation S is XS1634252628 and the ISIN number for the Notes sold pursuant to Rule 144A is XS1634253196.

Legal Information Regarding the Issuer

The Issuer is an exempted company incorporated in the Cayman Islands with limited liability. The Issuer was incorporated on January 25, 2012 under the Companies Law (2011 Revision) of the Cayman Islands

with company registration number 265864. The registered office of the Issuer is at PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. 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 September 7, 2012 originally between the Issuer, the Administrator and Liberty Global B.V., as assigned and novated to UPC Broadband Holding pursuant to a deed of assignment and novation dated November 23, 2016 between the Issuer, Liberty Global B.V., the Administrator and UPC Broadband Holding (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, UPC Broadband Holding); (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 June 13, 2017.

Corporate Governance

The Issuer is a special purpose financing company which engages in limited activities, and it is managed by its directors, currently Laura Chisholm and Natalee McLean.

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, UPC Broadband Holding 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 of the Notes Hereby—Certain Transaction Documents*".

Financial Statements

This Offering Memorandum does not include the financial statements of the Issuer. The Issuer is a special purpose financing company that has no material business operations and has not engaged in any material transactions other than the transactions described herein. The Issuer has no prior operating experience other than in connection with the issuance of the Notes and the arrangements with respect thereto, and upon completion of this offering will have no material liabilities or assets, other than the Finco Loan advanced in connection with the offering of the Notes and its rights under certain related agreements.

There has been no material adverse change in the financial position or prospects of the Issuer since December 31, 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.

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 Boeingavenue 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 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 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 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*”.

UPC Financing has been treated (and while there can be no assurance as to the future treatment, it is expected that it will continue to be treated) as a disregarded entity owned by a foreign person for US federal income tax purposes.

There has been no significant change in the financial or trading position of UPC Financing which has occurred since March 31, 2017 and no material adverse change in the prospects of UPC Financing since March 31, 2017.

Offering Memorandum

Except as disclosed in this Offering Memorandum:

- there has been no significant change in the financial or trading position of UPC Holding which has occurred since March 31, 2017 and no material adverse change in the prospects of UPC Holding since, December 31, 2016; 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; and

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.

Term	Definition
“FTTx”	Fiber to the x; FTTx is a generic term for any broadband network architecture that uses optical fiber to replace all or part of the usual metal local loop used for last mile telecommunications. The generic term originated as a generalization of several configurations of fiber deployment (FTTN, FTTC, FTTB, FTTH...), all starting by FTT but differentiated by the last letter, which is substituted by an x in the generalization.
“Internet”	A collection of interconnected networks spanning the entire world, including university, corporate, government and research networks. These networks all use the IP (Internet Protocol) communications protocol.
“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 infrastructure”	loopThe 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 loop”	localThe 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.

Term	Definition
“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.

**Condensed Consolidated Financial Statements
March 31, 2017**

UPC HOLDING B.V.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2017	December 31, 2016
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 14.7	€ 26.8
Trade receivables, net	181.2	326.7
Related-party receivables (note 9)	193.8	114.3
Derivative instruments (note 4)	81.2	159.1
Prepaid expenses	34.6	21.6
Other current assets	50.1	36.8
Total current assets	555.6	685.3
Related-party receivables (note 9)	46.2	421.2
Property and equipment, net (note 6)	2,536.1	2,509.3
Goodwill (note 6)	4,375.9	4,349.8
Derivative instruments (note 4)	426.5	463.1
Intangible assets subject to amortization, net (note 6)	94.5	99.0
Other assets, net	81.9	82.7
Total assets	€ 8,116.7	€ 8,610.4

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.
CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)
(unaudited)

	March 31, 2017	December 31, 2016
	in millions	
LIABILITIES AND OWNERS' DEFICIT		
Current liabilities:		
Accounts payable (note 9)	€ 319.3	€ 324.7
Deferred revenue and advance payments from subscribers and others	284.8	344.5
Derivative instruments (note 4)	109.6	162.9
Current portion of debt and capital lease obligations (note 7)	801.4	740.8
Accrued interest	36.2	104.1
Other accrued and current liabilities (note 9)	620.1	898.5
Total current liabilities	2,171.4	2,575.5
Long-term debt and capital lease obligations (note 7):		
Third-party	5,653.7	5,679.2
Related-party (note 9)	6,297.3	6,161.4
Derivative instruments (note 4)	476.4	625.9
Other long-term liabilities (note 9)	336.8	196.0
Total liabilities	14,935.6	15,238.0
Commitments and contingencies (notes 3, 4, 7 and 10)		
Owners' deficit:		
Parent's deficit:		
Distributions and accumulated losses in excess of contributions	(7,590.3)	(7,472.6)
Accumulated other comprehensive earnings, net of taxes	749.5	763.5
Total parent's deficit	(6,840.8)	(6,709.1)
Noncontrolling interests	21.9	81.5
Total owners' deficit	(6,818.9)	(6,627.6)
Total liabilities and owners' deficit	€ 8,116.7	€ 8,610.4

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31,	
	2017	2016
	in millions	
Revenue (notes 9 and 11)	€ 652.6	€ 633.9
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):		
Programming and other direct costs of services (note 9)	117.9	107.2
Other operating (note 9)	99.9	100.4
Selling, general and administrative (SG&A) (note 9)	92.9	96.0
Related-party fees and allocations, net (note 9)	94.6	80.8
Depreciation and amortization	140.9	135.9
Impairment, restructuring and other operating items, net	0.8	0.1
	<u>547.0</u>	<u>520.4</u>
Operating income	<u>105.6</u>	<u>113.5</u>
Non-operating income (expense):		
Interest expense:		
Third-party	(78.0)	(83.7)
Related-party (note 9)	(156.9)	(144.1)
Realized and unrealized losses on derivative instruments, net (note 4)	(54.8)	(196.2)
Foreign currency transaction gains, net	96.9	172.6
Losses on debt modification and extinguishment, net (note 7)	(8.4)	—
Other income, net	1.5	0.8
	<u>(199.7)</u>	<u>(250.6)</u>
Loss before income taxes	(94.1)	(137.1)
Income tax expense (note 8)	(27.2)	(10.2)
Net loss	(121.3)	(147.3)
Net earnings attributable to noncontrolling interests	(2.8)	(2.6)
Net loss attributable to parent	<u>€ (124.1)</u>	<u>€ (149.9)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited)

		Three months ended March 31,	
		2017	2016
		in millions	
Net loss	€	(121.3) €	(147.3)
Other comprehensive loss, net of taxes:			
Foreign currency translation adjustments		(13.4)	(7.0)
Other		(0.6)	(0.3)
Other comprehensive loss		(14.0)	(7.3)
Comprehensive loss		(135.3)	(154.6)
Comprehensive earnings attributable to noncontrolling interests		(2.8)	(2.6)
Comprehensive loss attributable to parent	€	(138.1) €	(157.2)

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.
CONDENSED CONSOLIDATED STATEMENT OF OWNERS' DEFICIT
(unaudited)

	Parent's deficit				
	Distributions and accumulated losses in excess of contributions	Accumulated other comprehensive earnings, net of taxes	Total parent's deficit	Non- controlling interests	Total owners' deficit
	in millions				
Balance at January 1, 2017	€ (7,472.6) €	763.5	€ (6,709.1) €	81.5	€ (6,627.6)
Net loss	(124.1)	—	(124.1)	2.8	(121.3)
Other comprehensive loss, net of taxes	—	(14.0)	(14.0)	—	(14.0)
Impact of deconsolidation of UMI (note 9)	—	—	—	(60.9)	(60.9)
Property and equipment contributed by parent company (notes 6 and 9)	5.2	—	5.2	—	5.2
Capital charge in connection with the exercise or vesting of share-based incentive awards (note 9)	(2.7)	—	(2.7)	—	(2.7)
Deemed contribution of technology- related services (note 9)	2.1	—	2.1	—	2.1
Share-based compensation (note 9) ...	1.6	—	1.6	—	1.6
Distributions by subsidiaries to noncontrolling interest owners	—	—	—	(1.5)	(1.5)
Other, net	0.2	—	0.2	—	0.2
Balance at March 31, 2017	€ (7,590.3) €	749.5	€ (6,840.8) €	21.9	€ (6,818.9)

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,	
	2017	2016
	in millions	
Cash flows from operating activities:		
Net loss	€ (121.3)	€ (147.3)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share-based compensation expense	1.6	3.6
Related-party fees and allocations, net	94.6	80.8
Depreciation and amortization	140.9	135.9
Impairment, restructuring and other operating items, net	0.8	0.1
Non-cash interest on related-party loans	156.9	144.1
Amortization of deferred financing costs and non-cash interest	1.8	1.8
Realized and unrealized losses on derivative instruments, net	54.8	196.2
Foreign currency transaction gains, net	(96.9)	(172.6)
Losses on debt modification and extinguishment, net	8.4	—
Deferred income tax expense (benefit)	2.2	(6.7)
Changes in operating assets and liabilities, net of the effects of acquisitions	(131.7)	(85.9)
Net cash provided by operating activities	112.1	150.0
Cash flows from investing activities:		
Capital expenditures	(69.6)	(69.4)
Repayments from related parties, net	0.4	5.8
Other investing activities, net	(1.0)	(2.6)
Net cash used by investing activities	€ (70.2)	€ (66.2)

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(unaudited)

	Three months ended March 31,	
	2017	2016
	in millions	
Cash flows from financing activities:		
Repayments and repurchases of third-party debt and capital lease obligations	€ (223.7)	€ (157.8)
Borrowings of third-party debt	54.9	17.6
Borrowings (repayments) of related-party debt, net	417.5	(37.0)
Net cash paid related to derivative instruments	(140.9)	(29.7)
Payment of financing costs and debt premiums	(9.9)	(0.1)
Value-added taxes (VAT) paid on behalf of a related party	(152.0)	—
Other financing activities, net	0.4	(0.1)
Net cash used by financing activities	(53.7)	(207.1)
Effect of exchange rate changes on cash	(0.3)	0.8
Net decrease in cash and cash equivalents	(12.1)	(122.5)
Cash and cash equivalents:		
Beginning of period	26.8	139.0
End of period	€ 14.7	€ 16.5
Cash paid for interest — third-party	€ 143.4	€ 155.0
Cash paid for taxes	€ 51.1	€ 14.9

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.
Notes to Condensed Consolidated Financial Statements
March 31, 2017
(unaudited)

(1) Basis of Presentation

UPC Holding B.V. (**UPC Holding**) is a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**). 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 March 31, 2017, we provided (i) video, broadband internet and fixed-line telephony services in seven European countries and (ii) mobile services in four 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**.” In addition, each of our reportable segments also provides business-to-business (**B2B**) services.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (**U.S. GAAP**). Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2016 annual report.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright costs, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, share-based compensation and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

Unless otherwise indicated, ownership percentages and convenience translations into euros are calculated as of March 31, 2017.

Certain prior period amounts have been reclassified to conform to the current period presentation, including the reclassification of certain costs between programming and other direct costs of services, other operating and SG&A expenses.

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through May 19, 2017, the date of issuance.

(2) Recent Accounting Pronouncements

ASU 2014-09

In May 2014, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2014-09, *Revenue from Contracts with Customers* (**ASU 2014-09**), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09, as amended by ASU No. 2015-14, will replace existing revenue recognition guidance when it becomes effective for annual periods beginning after December 15, 2018. This new standard permits the use of either the retrospective or cumulative effect transition method. We will adopt ASU 2014-09 effective January 1, 2018 using the cumulative effect transition method. While we are continuing to evaluate the effect that ASU 2014-09 will have on our consolidated financial statements, we have identified a number of our current revenue recognition policies that will be impacted by ASU 2014-09, including the accounting for

UPC HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
March 31, 2017
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(i) time-limited discounts and free service periods provided to our customers and (ii) certain up-front fees charged to our customers. These impacts are discussed below:

- When we enter into contracts to provide services to our customers, we often provide time-limited discounts or free service periods. Under current accounting rules, we recognize revenue net of discounts during the promotional periods and do not recognize any revenue during free service periods. Under ASU 2014-09, revenue recognition will be accelerated for these contracts as the impact of the discount or free service period will be recognized uniformly over the total contractual period.
- When we enter into contracts to provide services to our customers, we often charge installation or other up-front fees. Under current accounting rules, installation fees related to services provided over our cable networks are recognized as revenue during the period in which the installation occurs to the extent these fees are equal to or less than direct selling costs. Under ASU 2014-09, these fees will generally be deferred and recognized as revenue over the contractual period, or longer if the up-front fee results in a material renewal right.

As the above revenue recognition changes have offsetting impacts and both result in a relatively minor shift in the timing of revenue recognition, we currently do not expect ASU 2014-09 to have a material impact on our reported revenue.

ASU 2014-09 will also impact our accounting for certain upfront costs directly associated with obtaining and fulfilling customer contracts. Under our current policy, these costs are expensed as incurred unless the costs are in the scope of another accounting topic that allows for capitalization. Under ASU 2014-09, the upfront costs that are currently expensed as incurred will be recognized as assets and amortized to other operating expenses over a period that is consistent with the transfer to the customers of the goods or services to which the assets relate, which we have generally interpreted to be the expected life of the customer relationship. The impact of the accounting change for these costs will be dependent on numerous factors, including the number of new subscriber contracts added in any given period, but we expect the adoption of this accounting change will initially result in the deferral of a significant amount of operating and selling costs.

The ultimate impact of adopting ASU 2014-09 for both revenue recognition and costs to obtain and fulfill contracts will depend on the promotions and offers in place during the period leading up to and after the adoption of ASU 2014-09.

ASU 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (ASU 2016-02)*, which, for most leases, will result in lessees recognizing lease assets and lease liabilities on the balance sheet with additional disclosures about leasing arrangements. ASU 2016-02 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. Although we are currently evaluating the effect ASU 2016-02 will have on our consolidated financial statements, we expect the adoption of this standard will increase the number of leases to be accounted for as capital leases in our consolidated balance sheet.

ASU 2017-04

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment (ASU 2017-04)*, which eliminates the requirement to estimate the implied fair value of a reporting unit's goodwill as determined following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, a company should recognize any goodwill impairment by comparing the fair value of a reporting unit to its carrying amount. ASU 2017-04 is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. We expect the adoption of ASU 2017-04 to reduce the complexity surrounding the evaluation of our goodwill for impairment.

UPC HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
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(3) Acquisition

Pending Acquisition

On October 18, 2016, our subsidiary UPC Polska SP Z.o.o. entered into a definitive agreement to acquire the cable business of Multimedia Polska S.A. (**Multimedia**), the third-largest cable operator in Poland, for cash consideration of PLN 3.0 billion (€709.1 million), which is equal to the enterprise value assigned to Multimedia for purposes of this transaction. We intend to finance the acquisition of Multimedia with existing liquidity. The final purchase price is subject to potential downward adjustments for the operational and financial performance of Multimedia prior to closing. The transaction is subject to customary closing conditions, including regulatory approval, and is expected to close in late 2017 or early 2018.

(4) Derivative Instruments

In general, we seek to enter into derivative instruments to protect against (i) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity, and (ii) increases in the interest rates on our variable-rate debt. 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 Czech koruna (CZK), the Hungarian forint (HUF), the Polish zloty (PLN) and the Romanian lei (RON). We 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 condensed consolidated statements of operations.

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	March 31, 2017			December 31, 2016		
	Current	Long-term	Total	Current	Long-term	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (a)	€ 80.3	€ 426.1	€ 506.4	€ 158.5	€ 462.9	€ 621.4
Foreign currency forward contracts	0.5	—	0.5	0.4	—	0.4
Other	0.4	0.4	0.8	0.2	0.2	0.4
Total	€ 81.2	€ 426.5	€ 507.7	€ 159.1	€ 463.1	€ 622.2
Liabilities:						
Cross-currency and interest rate derivative contracts (a)	€ 106.6	€ 476.4	€ 583.0	€ 158.6	€ 625.8	€ 784.4
Foreign currency forward contracts	3.0	—	3.0	4.3	—	4.3
Other	—	—	—	—	0.1	0.1
Total	€ 109.6	€ 476.4	€ 586.0	€ 162.9	€ 625.9	€ 788.8

- (a) We consider credit risk relating to our and our counterparties' nonperformance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains (losses) of (€5.4 million) and €9.3 million during the three months ended March 31, 2017 and 2016, respectively. These amounts are included in realized and unrealized losses on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

UPC HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
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The details of our realized and unrealized losses on derivative instruments, net, are as follows:

		Three months ended March 31,	
		2017	2016
		in millions	
Cross-currency and interest rate derivative contracts	€	(53.6)	€ (194.4)
Foreign currency forward contracts		(1.6)	(1.6)
Other		0.4	(0.2)
Total	€	(54.8)	€ (196.2)

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these net cash outflows is as follows:

		Three months ended March 31,	
		2017	2016
		in millions	
Operating activities	€	(2.1)	€ (10.5)
Financing activities		(140.9)	(29.7)
Total	€	(143.0)	€ (40.2)

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 March 31, 2017, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €123.4 million.

Details of our Derivative Instruments

In the following tables, we present the details of the various categories of our derivative instruments, all of which are held by our subsidiary, UPC Broadband Holding B.V. (**UPC Broadband Holding**).

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Notes to Condensed Consolidated Financial Statements — (Continued)
March 31, 2017
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Cross-currency Derivative Contracts

As noted above, we are exposed to foreign currency exchange rate risk in situations where our debt is denominated in a currency other than the functional currency of the operations whose cash flows support our ability to repay or refinance such debt. Although we generally seek to match the denomination of our and our subsidiaries' borrowings with the functional currency of the operations that are supporting the respective borrowings, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the functional currency of the underlying operations (unmatched debt). Our policy is generally 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. At March 31, 2017, substantially all of our debt was either directly or synthetically matched to the applicable functional currencies of the underlying operations. The following table sets forth the total notional amounts and the related weighted average remaining contractual lives of our cross-currency swap contracts at March 31, 2017 (in millions, except weighted average remaining life):

Notional amount due from counterparty		Notional amount due to counterparty		Weighted average remaining life
				in years
\$	2,390.0	€	1,973.7	6.7
\$	1,000.0	CHF	922.0 (a)	6.9
€	379.2	\$	425.0 (b)	7.4
€	2,415.2	CHF	2,781.0	5.2
€	418.5	CZK	11,521.8	3.3
€	488.0	HUF	138,437.5	4.8
€	851.6	PLN	3,604.5	4.5
€	191.0	RON	490.0	4.8

- (a) Includes certain derivative instruments that are “forward-starting,” such that the initial exchange occurs at a date subsequent to March 31, 2017. These instruments are typically entered into in order to extend existing hedges without the need to amend existing contracts.
- (b) Includes certain derivative instruments that do not involve the exchange of notional amounts at the inception and maturity of the instruments. Accordingly, the only cash flows associated with these derivative instruments are interest-related payments and receipts.

Interest Rate Derivative Contracts

As noted above, we enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. At March 31, 2017, the total euro equivalent of the notional amounts due from the counterparty was €4,179.8 million and the related weighted average remaining contractual life of our interest rate swap contracts was 6.3 years.

Basis Swaps

Our basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At March 31, 2017, the total euro equivalent of the notional amounts due from the counterparty was €2,009.9 million and the related weighted average remaining contractual life of our interest basis contracts was 0.8 years.

UPC HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
March 31, 2017
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Interest Rate Caps and Collars

We enter into interest rate cap and collar agreements that lock in a maximum interest rate if variable rates rise, but also allow our company to benefit, to a limited extent in the case of collars, from declines in market rates. At March 31, 2017, the total euro equivalents of the notional amounts of our interest rate caps and collars were €735.0 million and €1,135.0 million, respectively.

Impact of Derivative Instruments on Borrowing Costs

Excluding forward-starting instruments, the impact of the derivative instruments that mitigate our foreign currency and interest rate risk, as described above, was an increase of 43 basis points to our borrowing costs as of March 31, 2017.

Foreign Currency Forwards and Options

We enter into foreign currency forward and option contracts with respect to non-functional currency exposure. As of March 31, 2017, the total euro equivalent of the notional amount of foreign currency forward and option contracts was €637.8 million.

(5) Fair Value Measurements

We use the fair value method to account for our derivative instruments. The reported fair values of these instruments as of March 31, 2017 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the three months ended March 31, 2017, 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 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 4, 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 instruments. This observable data mostly includes 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. Effective January 1, 2017, we incorporated a Monte Carlo based approach into our calculation of the value assigned to the risk that we or our counterparties will default on our respective derivative obligations. Previously, we used a static calculation derived from our most current mark-to-market valuation to calculate the impact of

UPC HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
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counterparty credit risk. The adoption of a Monte Carlo based approach did not have a material impact on the overall fair value of our derivative instruments. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 4.

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 relationship, contributory asset charges and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During the three months ended March 31, 2017 and 2016, we did not perform significant nonrecurring fair value measurements.

At March 31, 2017 and December 31, 2016, all of our derivative instruments fell under Level 2 of the fair value hierarchy.

(6) Long-lived Assets

Property and Equipment, Net

The details of our property and equipment and the related accumulated depreciation are set forth below:

	March 31, 2017	December 31, 2016
	in millions	
Distribution systems	€ 3,906.0	€ 3,829.8
Customer premises equipment	1,209.1	1,176.3
Support equipment, buildings and land	460.5	447.9
	<u>5,575.6</u>	<u>5,454.0</u>
Accumulated depreciation	<u>(3,039.5)</u>	<u>(2,944.7)</u>
Total property and equipment, net	<u>€ 2,536.1</u>	<u>€ 2,509.3</u>

During the three months ended March 31, 2017 and 2016, we recorded non-cash increases to our property and equipment related to (i) certain vendor financing arrangements of €214.6 million and €160.6 million, respectively, which exclude related VAT of €24.1 million and €17.9 million, respectively, that were also financed by our vendors under these arrangements and (ii) assets acquired under capital leases of €7.7 million and €2.6 million, respectively. Furthermore, during the three months ended March 31, 2017 and 2016, we recorded non-cash increases to our property and equipment of €5.2 million and €2.3 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 7 and 9.

UPC HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
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Goodwill

Changes in the carrying amount of our goodwill during the three months ended March 31, 2017 are set forth below:

	January 1, 2017	Acquisitions and related adjustments	Foreign currency translation adjustments	March 31, 2017
	in millions			
Switzerland/Austria	€ 3,264.7	€ —	€ 8.1	€ 3,272.8
Central and Eastern Europe	1,085.1	0.1	17.9	1,103.1
Total	<u>€ 4,349.8</u>	<u>€ 0.1</u>	<u>€ 26.0</u>	<u>€ 4,375.9</u>

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization are set forth below:

	March 31, 2017			December 31, 2016		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships	€ 264.0	€ (169.8)	€ 94.2	€ 256.8	€ (158.2)	€ 98.6
Other	3.5	(3.2)	0.3	3.3	(2.9)	0.4
Total	<u>€ 267.5</u>	<u>€ (173.0)</u>	<u>€ 94.5</u>	<u>€ 260.1</u>	<u>€ (161.1)</u>	<u>€ 99.0</u>

(7) Debt and Capital Lease Obligations

The euro equivalents of the components of our third-party debt are as follows:

	March 31, 2017					
	Weighted average interest rate (a)	Unused borrowing capacity (b)	Estimated fair value (c)		Principal amount	
			March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
	in millions					
Third-party debt:						
Parent — UPC Holding Senior						
Notes	6.59%	€ —	€ 1,471.5	€ 1,488.3	€ 1,377.2	€ 1,376.2
Subsidiaries:						
UPC Broadband Holding Bank						
Facility	3.51%	990.1	2,620.8	2,666.1	2,610.0	2,638.5
UPCB SPE Notes	4.88%	—	1,689.9	1,691.2	1,665.7	1,680.9
Vendor financing (d)	3.45%	—	805.5	736.7	805.5	736.7
Total third-party debt before discounts and deferred financing costs	<u>4.51%</u>	<u>€ 990.1</u>	<u>€ 6,587.7</u>	<u>€ 6,582.3</u>	<u>€ 6,458.4</u>	<u>€ 6,432.3</u>

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The following table provides a reconciliation of total third-party debt before discounts and deferred financing costs to total debt and capital lease obligations:

	March 31, 2017	December 31, 2016
	in millions	
Total third-party debt before discounts and deferred financing costs	€ 6,458.4	€ 6,432.3
Discounts	(11.1)	(13.8)
Deferred financing costs	(30.8)	(30.2)
Total carrying amount of third-party debt	6,416.5	6,388.3
Capital lease obligations	38.6	31.7
Total third-party debt and capital lease obligations	6,455.1	6,420.0
Related-party debt (note 9)	6,297.3	6,161.4
Total debt and capital lease obligations	12,752.4	12,581.4
Current maturities of debt and capital lease obligations	(801.4)	(740.8)
Long-term debt and capital lease obligations	€ 11,951.0	€ 11,840.6

- (a) Represents the weighted average interest rate in effect at March 31, 2017 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 5.05% at March 31, 2017. For information regarding our derivative instruments, see note 4.
- (b) Unused borrowing capacity represents the maximum availability under the UPC Broadband Holding Bank Facility at March 31, 2017 without regard to covenant compliance calculations or other conditions precedent to borrowing. At March 31, 2017, based on the applicable leverage and other financial covenants, the full €990.1 million of unused borrowing capacity under the UPC Broadband Holding Bank Facility was available to be borrowed. When the relevant March 31, 2017 compliance reporting requirements have been completed and assuming no changes from March 31, 2017 borrowing levels, we anticipate that the full amount of unused borrowing capacity under the UPC Broadband Holding Bank Facility will continue to be available to be borrowed.
- (c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 5.
- (d) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions and, to a lesser extent, certain of our operating expenses. These obligations are generally due within one year and include VAT that was paid on our behalf by the vendor. At March 31, 2017 and December 31, 2016, the amounts owed pursuant to these arrangements include €13.8 million and €12.8 million, respectively, related to third-party capital-related 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 condensed 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 condensed consolidated balance sheets. 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 condensed consolidated statements of cash flows.

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Refinancing Transaction

We have completed a refinancing transaction during the first three months of 2017. Unless otherwise noted, the terms and conditions of the notes and credit facilities entered into are largely consistent with those of our existing notes and credit facilities with regard to covenants, events of default and change of control provisions, among other items. For information concerning the general terms and conditions of our debt, see note 8 to the consolidated financial statements included in our 2016 annual report.

In February 2017, UPC Financing Partnership, a wholly-owned subsidiary of UPC Holding, entered into a new \$2,150.0 million (€2,009.9 million) term loan facility (**UPC Facility AP**). UPC Facility AP was issued at 99.75% of par, matures on April 15, 2025, bears interest at a rate of LIBOR + 2.75% and is subject to a LIBOR floor of 0.0%. The net proceeds from UPC Facility AP, in conjunction with existing cash, were used to prepay in full the \$2,150.0 million (€2,009.9 million) outstanding principal amount under UPC Facility AN. In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of €8.4 million. This loss includes (i) the write-off of €5.5 million of deferred financing costs and (ii) the write-off of €2.9 million of unamortized discount.

Maturities of Debt and Capital Lease Obligations

Maturities of our debt and capital lease obligations as of March 31, 2017 are presented below and such amounts represent euro equivalents based on March 31, 2017 exchange rates:

Debt:

	Third-party debt (a)	Shareholder Loan and related- party debt	Total
	in millions		
Year ending December 31:			
2017 (remainder of year)	€ 645.7	€ —	€ 645.7
2018	151.2	—	151.2
2019	1.1	—	1.1
2020	2.5	—	2.5
2021	3.9	—	3.9
2022	601.0	—	601.0
Thereafter	5,053.0	6,297.3	11,350.3
Total debt maturities	6,458.4	6,297.3	12,755.7
Discounts	(11.1)	—	(11.1)
Deferred financing costs	(30.8)	—	(30.8)
Total debt	€ 6,416.5	€ 6,297.3	€12,713.8
Current portion	€ 796.1	€ —	€ 796.1
Noncurrent portion	€ 5,620.4	€ 6,297.3	€11,917.7

- (a) Amounts include certain senior secured notes issued by special purpose financing entities that are consolidated by UPC Holding.

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Capital lease obligations (in millions):

Year ending December 31:		
2017 (remainder of year)	€	5.7
2018		7.2
2019		6.4
2020		6.0
2021		6.2
2022		3.1
Thereafter		14.5
Total principal and interest payments		49.1
Amounts representing interest		(10.5)
Present value of net minimum lease payments	€	38.6
Current portion	€	5.3
Noncurrent portion	€	33.3

Non-cash Refinancing Transactions

During the three months ended March 31, 2017 and 2016, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating €2,009.9 million and nil, respectively.

(8) Income Taxes

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 factors:

	Three months ended	
	March 31,	
	2017	2016
	in millions	
Computed “expected” tax benefit	€ 23.5	€ 34.3
Non-deductible or non-taxable interest and other expenses	(30.1)	(7.8)
Change in valuation allowances	(19.5)	(41.0)
Other, net	(1.1)	4.3
Total income tax expense	€ (27.2)	€ (10.2)

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(9) Related-party Transactions

Our related-party transactions are as follows:

	Three months ended March 31,	
	2017	2016
	in millions	
Credits (charges) included in:		
Revenue	€ 0.1	€ 0.5
Programming and other direct cost of services	(2.2)	(2.7)
Other operating	(0.8)	(1.2)
SG&A	(1.0)	1.0
Allocated share-based compensation expense	(1.6)	(3.6)
Fees and allocations, net:		
Operating and SG&A (exclusive of depreciation and share-based compensation) . . .	(24.9)	(29.0)
Depreciation	(21.3)	(18.8)
Share-based compensation	(8.7)	(9.0)
Management fee	(39.7)	(24.0)
Total fees and allocations, net	(94.6)	(80.8)
Included in operating income	(100.1)	(86.8)
Interest expense	(156.9)	(144.1)
Interest income	—	0.5
Included in net loss	€ (257.0)	€ (230.4)
Property and equipment transfers, net:		
Net book value transferred	€ (177.7)	€ (142.7)
Net cash received	€ 71.1	€ 64.1

General. Certain Liberty Global subsidiaries 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. The methodology Liberty Global uses to allocate its central and administrative costs to its borrowing groups impacts the calculation of the “EBITDA” metric specified by our debt agreements (**Covenant EBITDA**). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (a) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (b) the allocation methodologies in effect during the period and (c) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to our company would decrease (increase). Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

Revenue. Amounts primarily relate to B2B related services and network maintenance services provided to certain non-consolidated affiliates.

Programming and other direct costs of services. Amounts represent certain cash settled charges from other Liberty Global subsidiaries and affiliates to UPC Holding for programming-related services and interconnect services provided to our company by certain of Liberty Global’s affiliates.

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Other operating expenses. Amounts represent certain cash settled charges from other Liberty Global subsidiaries to UPC Holding and primarily consist of aggregate recharges for network-related services and other items provided to our company from LG B.V.

SG&A expenses. Amounts represent certain cash settled charges between Liberty Global subsidiaries and UPC Holding, primarily for information technology-related services and software maintenance services.

Allocated share-based compensation expense. Amounts are allocated to our company by Liberty Global subsidiaries and represent share-based compensation expense associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Share-based compensation expense is included in SG&A expenses in our condensed consolidated statements of operations.

Fees and allocations, net. These amounts, which are based on our company's estimated share of the applicable costs (including personnel-related and other costs associated with the services provided) incurred by other Liberty Global subsidiaries, represent the aggregate net effect of charges between our company and various Liberty Global subsidiaries that are outside of our company. These charges generally relate to management, finance, legal, technology and other services that support our company's operations. The categories of our fees and allocations, net, are as follows:

- *Operating and SG&A (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally loan settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.
- *Depreciation.* The amounts included in this category, which are generally loan settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

Liberty Global charges technology-based fees to our company using a royalty-based method. For the three months ended March 31, 2017, our €42.4 million proportional share of these technology-based costs was €2.1 million more than the actual amount charged under the royalty-based method. Accordingly, this excess amount has been reflected as a deemed contribution of technology-related services in our condensed consolidated statement of owners' deficit. The fees charged under the royalty-based method 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 Covenant EBITDA.

Interest expense. Amounts primarily include interest accrued on the Shareholder Loan (as defined and described below). 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.

Property and equipment transfers, net. These amounts, which are generally cash settled, represent the net carrying values and net cash received related to (i) customer premises equipment that is centrally procured by a

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UPC Holding subsidiary and subsequently transferred to other Liberty Global subsidiaries outside of UPC Holding and (ii) used customer premises and network-related equipment acquired from or transferred to other Liberty Global subsidiaries, including LG B.V. During all periods presented, the carrying values of the equipment transferred out of UPC Holding exceed the carrying values of the equipment transferred into UPC Holding. The net cash received in connection with these transfers is reflected as a reduction to capital expenditures within our condensed consolidated statements of cash flows. Certain of these transfers relate to third-party purchases of property and equipment initially made by our company under vendor financing arrangements and, accordingly, these purchases are not reported as capital expenditures.

The following table provides details of our related-party balances:

	March 31, 2017	December 31, 2016
	in millions	
Assets:		
Receivables (a)	€ 193.8	€ 114.3
Other long-term assets (b)	€ 46.2	€ 421.2
Liabilities:		
Accounts payable	€ 128.3	€ 107.5
Accrued liabilities	151.4	168.0
Shareholder Loan (c)	6,087.2	5,969.6
UPC Equipment Note (d)	210.1	191.8
Other long-term liabilities (e)	158.1	18.3
Total	€ 6,735.1	€ 6,455.2

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- (a) Primarily represents (i) €12.3 million and €12.1 million, respectively, of receivables from LG B.V. and (ii) €157.5 million and €78.3 million, respectively, of receivables due from other Liberty Global subsidiaries related to centrally-procured property and equipment purchased by our company on behalf of these other Liberty Global subsidiaries. These receivables are non-interest bearing and may be cash or loan settled.
- (b) Amounts include (i) €46.0 million and €359.1 million, respectively, of long-term receivables from LG B.V., including VAT paid on behalf of a related party of €152.0 million at December 31, 2016, which was subsequently settled against the Shareholder Loan, as defined and described below, during the first quarter of 2017, and (ii) nil and €61.2 million (including accrued interest), respectively, related to a note receivable (the **Unitymedia Receivable**) from Unitymedia Hessen GmbH & Co. KG (a subsidiary of Liberty Global) to Unitymedia International GmbH (**UMI**), a subsidiary of Liberty Global that prior to January 1, 2017 was consolidated by UPC Holding (as further described in (d) below).
- (c) UPC Holding has an unsecured shareholder loan (the **Shareholder Loan**) with Liberty Global Europe Financing B.V. (**LGE Financing**), which, as amended, matures 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. The interest rate on the Shareholder Loan is a fixed rate of 9.79% and accrued interest is included in other long-term liabilities until it is transferred to the loan balance at the end of each year. The net increase in the Shareholder Loan balance during the first three months of 2017 includes (a) cash advances of €890.5 million, (b) cash payments of €473.0 million and (c) a €299.9 million non-cash decrease related to the settlement of certain related-party amounts, including the settlement of a €152.0 million long-term receivable that arose when we paid VAT on behalf of a related party. During the three months ended March 31, 2017 and 2016, none of our Shareholder Loan repayments represented payments of interest.

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- (d) Represents borrowings under a loan agreement (the **UPC Equipment Note**) between a subsidiary of Liberty Global and our subsidiary, UPC Equipment B.V. (**UPC Equipment**). The UPC Equipment Note bears interest at 9.29% and matures in March 2032. Accrued and unpaid interest on this note may, at the option of UPC Equipment, be (i) payable on the last day of each month and on the date of each full or partial repayment of the outstanding principal, (ii) added to the outstanding principal amount on January 1 of each year or (iii) payable in any other manner as agreed by the respective parties. UPC Equipment and its immediate parent entity (together, the **UPC Leasing Entities**), and UMI were formed for the purpose of acquiring and legally owning certain customer premises equipment assets to be leased to certain of our other subsidiaries. Prior to January 1, 2017, the leasing transactions between UMI, the UPC Leasing Entities and certain of our other subsidiaries created a variable interest in UMI for which we were the primary beneficiary and, accordingly, UPC Holding was required to consolidate UMI. Effective January 1, 2017, UMI no longer engages in leasing transactions with UPC Holding. As such, UMI is no longer consolidated by UPC Holding. The increase in the aggregate balance of the UPC Equipment Note during the first three months of 2017 is attributable to additions of €18.3 million in non-cash accrued interest.
- (e) Primarily includes accrued interest on the Shareholder Loan and the UPC Equipment Note. Accrued interest on the Shareholder Loan is included in other long-term liabilities until it is transferred to the loan balance at the end of each year. Accrued interest on the UPC Equipment Note is included in other long-term liabilities until it is transferred to the loan balance on January 1 of each year.

During the three months ended March 31, 2017, we recorded an aggregate capital charge of €2.7 million in our condensed consolidated statement of owners' deficit in connection with the exercise of Liberty Global share appreciation rights and the vesting of Liberty Global restricted share awards and performance-based restricted share units held by employees of our subsidiaries. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the capital charge does not exceed the amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

LG B.V. contributes property and equipment to our company, which it acquires on our behalf pursuant to certain vendor financing and capital lease arrangements. During the three months ended March 31, 2017, LG B.V.'s carrying value in such contributed property and equipment of €5.2 million has been reflected as a decrease to parent's deficit in our condensed consolidated statement of owners' deficit.

(10) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to purchases of customer premises and other equipment and services, programming contracts, network and connectivity commitments, non-cancellable operating leases and other items. The euro equivalents of such commitments as of March 31, 2017 are presented below:

		Payments due during:							
		Remainder of 2017	2018	2019	2020	2021	2022	Thereafter	Total
		in millions							
Purchase commitments (a) ..	€	375.5	€ 78.5	€ 42.7	€ 44.1	€ 12.1	€ 11.7	€ 43.3	€ 607.9
Programming commitments		65.3	87.6	77.3	80.8	37.4	18.9	—	367.3
Network and connectivity commitments		78.8	42.8	28.2	20.9	16.7	13.9	33.6	234.9
Operating leases		25.8	27.7	24.5	20.3	16.4	12.2	70.0	196.9
Other commitments		6.6	7.0	6.7	6.6	6.6	6.6	6.5	46.6
Total (b)	€	552.0	€ 243.6	€ 179.4	€ 172.7	€ 89.2	€ 63.3	€ 153.4	€ 1,453.6

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- (a) Includes €8.3 million of related-party purchase obligations due during the remainder of 2017.
- (b) The commitments included in this table do not reflect any liabilities that are included in our March 31, 2017 condensed consolidated balance sheet.

Purchase commitments include unconditional and legally-binding obligations related to (i) the purchase of customer premises and other equipment and (ii) certain service-related commitments, including information technology and maintenance services.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, our total programming and copyright costs aggregated €79.4 million and €72.9 million during the three months ended March 31, 2017 and 2016, respectively.

Network and connectivity commitments include commitments associated with (i) satellite carriage services provided to our company, (ii) network maintenance commitments, (iii) fiber leasing agreements, (iv) certain operating costs associated with our leased networks and (v) commitments associated with our mobile virtual network operator (MVNO) agreements. The amounts reflected in the above 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.

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 the three months ended March 31, 2017 and 2016, see note 4.

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.

Guarantees and Other Credit Enhancements

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

Legal and Regulatory Proceedings and Other Contingencies

Financial Transactions Tax. Certain countries in the European Union (E.U.), including Austria and Slovakia, are participating in an enhanced cooperation procedure to introduce a financial transactions tax (the 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

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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 participating countries. Although there continues to be ongoing discussions in the relevant countries around the FTT, uncertainty remains as to if and when the FTT will 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 2018. 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.

Hungary VAT Matter. In February 2016, our DTH operations in Luxembourg received a second instance decision from the Hungarian tax authorities as a result of an audit with respect to VAT payments that the Hungarian tax authorities conducted for the years 2010 through 2012. The Hungarian tax authorities assessed our DTH operations with an obligation to pay VAT for the years audited of HUF 5,413.2 million (€17.5 million), excluding interest and penalties, which could be significant. We believe that our DTH operations have operated in compliance with all applicable rules, regulations and interpretations thereof, including a binding tax ruling that we received from the Hungarian government in 2010. In October 2016, a Budapest court disagreed with the tax authorities and dismissed the assessment. On February 2, 2017, the Hungarian tax authorities appealed the Budapest court decision to the Hungarian Supreme Court. No portion of this exposure has been accrued by us as the likelihood of loss is not considered to be probable.

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 E.U. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving VAT and wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming, copyright and channel carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(11) Segment Reporting

We generally identify our reportable segments as those consolidated subsidiaries that represent 10% or more of our revenue, Segment OCF (as defined below) or total assets. In certain cases, we may elect to include an operating segment in our segment disclosure that does not meet the above-described criteria for a reportable segment. We evaluate performance and make decisions about allocating resources to our operating segments based on financial measures such as revenue and Segment OCF. In addition, we review non-financial measures such as subscriber growth, as appropriate.

Segment OCF is the primary measure used by our chief operating decision maker to evaluate segment operating performance. Segment OCF 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

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purposes of annual and other incentive compensation plans. As we use the term, “**Segment OCF**” is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, 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. Our internal decision makers believe Segment OCF is a meaningful measure 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. A reconciliation of total Segment OCF to our loss before income taxes is presented below.

As of March 31, 2017, our reportable segments are as follows:

- Switzerland/Austria
- Central and Eastern Europe

Our reportable segments derive their revenue primarily from broadband communications services, including video, broadband internet and fixed-line telephony services. Each of our reportable segments also provides B2B and mobile services. At March 31, 2017, we provided broadband communications services in seven 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.

Performance Measures of Our Reportable Segments

		Revenue	
		Three months ended March 31,	
		2017	2016
		in millions	
Switzerland/Austria	€	397.8	€ 392.8
Central and Eastern Europe		254.8	241.1
Total	€	652.6	€ 633.9
		Segment OCF	
		Three months ended March 31,	
		2017	2016
		in millions	
Switzerland/Austria	€	239.7	€ 233.9
Central and Eastern Europe		104.4	100.4
Other		(0.6)	(0.4)
Total	€	343.5	€ 333.9

UPC HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
March 31, 2017
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The following table provides a reconciliation of total Segment OCF to loss before income taxes:

	Three months ended March 31,	
	2017	2016
	in millions	
Total Segment OCF	€ 343.5	€ 333.9
Share-based compensation expense	(1.6)	(3.6)
Related-party fees and allocations, net	(94.6)	(80.8)
Depreciation and amortization	(140.9)	(135.9)
Impairment, restructuring and other operating items, net	(0.8)	(0.1)
Operating income	105.6	113.5
Interest expense:		
Third-party	(78.0)	(83.7)
Related-party	(156.9)	(144.1)
Realized and unrealized losses on derivative instruments, net	(54.8)	(196.2)
Foreign currency transaction gains, net	96.9	172.6
Losses on debt modification and extinguishment, net	(8.4)	—
Other income, net	1.5	0.8
Loss before income taxes	€ (94.1)	€ (137.1)

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 condensed consolidated statements of cash flows. For additional information concerning capital additions financed under vendor financing and capital lease arrangements, see note 7.

	Three months ended March 31,	
	2017	2016
	in millions	
Switzerland/Austria	€ 63.0	€ 52.9
Central and Eastern Europe	67.6	54.3
Total segment property and equipment additions	130.6	107.2
Other (a)	7.8	9.1
Total property and equipment additions	138.4	116.3
Assets acquired under capital-related vendor financing arrangements	(214.6)	(160.6)
Assets contributed by parent company	(5.2)	(2.3)
Assets acquired under capital leases	(7.7)	(2.6)
Changes in current liabilities related to capital expenditures (including related-party amounts)	158.7	118.6
Total capital expenditures	€ 69.6	€ 69.4

- (a) Primarily relates to inventory build-up of centrally-procured customer premises equipment. This equipment is ultimately transferred to certain of Liberty Global's European operating subsidiaries, including subsidiaries within UPC Holding. See note 9.

UPC HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
March 31, 2017
(unaudited)

Revenue by Major Category

Our revenue by major category is set forth below:

		Three months ended March 31,	
		2017	2016
		in millions	
Subscription revenue (a):			
Video	€	303.0 €	298.6
Broadband internet		191.5	188.5
Fixed-line telephony		53.5	56.3
Cable subscription revenue		548.0	543.4
Mobile (b)		10.5	5.5
Total subscription revenue		558.5	548.9
B2B revenue (c)		58.2	52.8
Other revenue (b) (d)		35.9	32.2
Total	€	652.6 €	633.9

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- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) Mobile subscription revenue excludes mobile interconnect revenue of €1.4 million and €0.8 million during the three months ended March 31, 2017 and 2016, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.
- (c) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small or home office (**SOHO**) subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in subscription revenue, aggregated €16.5 million and €13.8 million during the three months ended March 31, 2017 and 2016, respectively.
- (d) Other revenue includes, among other items, installation, channel carriage fee, late fee, interconnect revenue and mobile handset sales.

UPC HOLDING B.V.
Notes to Condensed Consolidated Financial Statements — (Continued)
March 31, 2017
(unaudited)

Geographic Segments

The revenue of our geographic segments is set forth below:

		Three months ended March 31,	
		2017	2016
		in millions	
Switzerland	€	311.0	€ 307.5
Poland		90.1	87.5
Austria		86.8	85.3
Hungary		67.1	60.2
The Czech Republic		42.2	40.5
Romania		39.4	37.5
Slovakia		13.4	13.4
Other		2.6	2.0
Total	€	652.6	€ 633.9

UPC HOLDING B.V.

**Consolidated Financial Statements
December 31, 2016**

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, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, owners' deficit, and cash flows for the years ended December 31, 2016, 2015 and 2014, 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, 2016 and 2015, and the results of their operations and their cash flows for the years ended December 31, 2016, 2015 and 2014, in accordance with U.S. generally accepted accounting principles.

Amstelveen, the Netherlands
March 21, 2017

KPMG Accountants N.V.

UPC HOLDING B.V.
CONSOLIDATED BALANCE SHEETS

		December 31,	
		2016	2015
		in millions	
ASSETS			
Current assets:			
Cash and cash equivalents	€	26.8	€ 139.0
Trade receivables, net		326.7	283.3
Related-party receivables (note 11)		114.3	137.6
Derivative instruments (note 5)		159.1	136.9
Prepaid expenses		21.6	15.4
Other current assets		36.8	29.9
Total current assets		685.3	742.1
Related-party receivables (note 11)		421.2	287.0
Property and equipment, net (note 7)		2,509.3	2,364.4
Goodwill (note 7)		4,349.8	4,313.7
Derivative instruments (note 5)		463.1	433.1
Intangible assets subject to amortization, net (note 7)		99.0	115.6
Other assets, net (note 9)		82.7	89.0
Total assets	€	8,610.4	€ 8,344.9

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.
CONSOLIDATED BALANCE SHEETS — (Continued)

	December 31,	
	2016	2015
	in millions	
LIABILITIES AND OWNERS' DEFICIT		
Current liabilities:		
Accounts payable (note 11)	€ 324.7	€ 286.7
Deferred revenue and advance payments from subscribers and others	344.5	347.9
Derivative instruments (note 5)	162.9	159.6
Current portion of debt and capital lease obligations (note 8)	740.8	548.7
Accrued interest	104.1	134.2
Other accrued and current liabilities (note 11)	898.5	615.8
Total current liabilities	2,575.5	2,092.9
Long-term debt and capital lease obligations (note 8):		
Third-party	5,679.2	5,446.7
Related-party (note 11)	6,161.4	5,825.4
Derivative instruments (note 5)	625.9	778.9
Other long-term liabilities (notes 9, 11 and 12)	196.0	217.6
Total liabilities	15,238.0	14,361.5
Commitments and contingencies (notes 4, 5, 8, 9, 12, 14 and 16)		
Owners' deficit (notes 10 and 13):		
Parent's deficit:		
Distributions and accumulated losses in excess of contributions	(7,472.6)	(6,833.3)
Accumulated other comprehensive earnings, net of taxes	763.5	735.0
Total parent's deficit	(6,709.1)	(6,098.3)
Noncontrolling interests	81.5	81.7
Total owners' deficit	(6,627.6)	(6,016.6)
Total liabilities and owners' deficit	€ 8,610.4	€ 8,344.9

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2016	2015	2014
	in millions		
Revenue (notes 11 and 15)	€ 2,569.8	€ 2,544.8	€ 2,337.8
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):			
Programming and other direct costs of services (note 11)	451.7	424.5	375.9
Other operating (note 11)	379.5	403.4	406.6
Selling, general and administrative (SG&A) (note 11)	364.1	366.2	328.4
Related-party fees and allocations, net (note 11)	341.0	293.1	213.2
Depreciation and amortization	548.4	572.1	524.9
Impairment, restructuring and other operating items, net	5.3	5.0	(3.3)
	<u>2,090.0</u>	<u>2,064.3</u>	<u>1,845.7</u>
Operating income	<u>479.8</u>	<u>480.5</u>	<u>492.1</u>
Non-operating income (expense):			
Interest expense:			
Third-party	(336.3)	(367.6)	(508.0)
Related-party (note 11)	(564.7)	(600.1)	(1,060.2)
Interest income (note 11)	2.7	10.6	186.3
Realized and unrealized gains (losses) on derivative instruments, net (note 5)	(28.9)	(42.3)	103.1
Foreign currency transaction losses, net	(117.8)	(216.0)	(437.1)
Losses on debt modification and extinguishment, net (note 8)	(70.3)	(183.9)	(42.0)
Other income (expense), net	13.5	3.5	(3.3)
	<u>(1,101.8)</u>	<u>(1,395.8)</u>	<u>(1,761.2)</u>
Loss before income taxes	(622.0)	(915.3)	(1,269.1)
Income tax expense (note 9)	(57.3)	(85.5)	(89.9)
Net loss	(679.3)	(1,000.8)	(1,359.0)
Net earnings attributable to noncontrolling interests	(13.0)	(12.0)	(9.5)
Net loss attributable to parent	<u>€ (692.3)</u>	<u>€ (1,012.8)</u>	<u>€ (1,368.5)</u>

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,		
	2016	2015	2014
	<u>in millions</u>		
Net loss	€ (679.3)	€ (1,000.8)	€ (1,359.0)
Other comprehensive earnings (loss), net of taxes (note 13):			
Foreign currency translation adjustments	19.6	222.6	43.8
Other	8.9	(31.4)	(14.7)
Other comprehensive earnings	28.5	191.2	29.1
Comprehensive loss	(650.8)	(809.6)	(1,329.9)
Comprehensive earnings attributable to noncontrolling interests	(13.0)	(12.0)	(9.9)
Comprehensive loss attributable to parent	€ (663.8)	€ (821.6)	€ (1,339.8)

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, 2014	€ (13,889.7) €	515.1	€ (13,374.6) €	20.9	€ (13,353.7)
Net loss	(1,368.5)	—	(1,368.5)	9.5	(1,359.0)
Other comprehensive earnings, net of taxes (note 13)	—	28.7	28.7	0.4	29.1
Consideration received in connection with the VTR Extraction (note 11)	2,450.0	—	2,450.0	—	2,450.0
Distributions to other subsidiaries of Liberty Global (note 10)	(1,059.5)	—	(1,059.5)	—	(1,059.5)
Deemed contribution of technology- related services (note 11)	97.1	—	97.1	—	97.1
Property and equipment contributed by parent company (notes 7 and 11) . . .	18.6	—	18.6	—	18.6
Distributions by subsidiaries to noncontrolling interest owners	—	—	—	(9.0)	(9.0)
Share-based compensation (note 11) . .	5.4	—	5.4	—	5.4
Capital charge in connection with the exercise or vesting of share-based incentive awards (note 11)	(5.4)	—	(5.4)	—	(5.4)
Other, net	7.7	—	7.7	—	7.7
Balance at December 31, 2014	€ (13,744.3) €	543.8	€ (13,200.5) €	21.8	€ (13,178.7)

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, 2015	€ (13,744.3)	€ 543.8	€ (13,200.5)	€ 21.8	€ (13,178.7)
Net loss	(1,012.8)	—	(1,012.8)	12.0	(1,000.8)
Other comprehensive earnings, net of taxes (note 13)	—	191.2	191.2	—	191.2
Consideration received in connection with the Ziggo Services Transfer (note 1)	5,371.8	—	5,371.8	—	5,371.8
Consideration received in connection with the UPC Ireland Transfer (note 1)	1,087.7	—	1,087.7	—	1,087.7
Contributions from other subsidiaries of Liberty Global (note 11)	953.4	—	953.4	—	953.4
Contribution in connection with novation of third-party debt to another Liberty Global subsidiary (note 11)	689.2	—	689.2	—	689.2
Distributions to other subsidiaries of Liberty Global (note 11)	(230.9)	—	(230.9)	—	(230.9)
Impact of consolidation of UMI (note 11)	—	—	—	62.8	62.8
Deemed contribution of technology-related services (note 11)	33.3	—	33.3	—	33.3
Property and equipment contributed by parent company (notes 7 and 11)	16.0	—	16.0	—	16.0
Share-based compensation (note 11)	12.1	—	12.1	—	12.1
Distributions by subsidiaries to noncontrolling interest owners	—	—	—	(10.3)	(10.3)
Capital charge in connection with exercise or vesting of share-based incentive awards (note 11)	(10.1)	—	(10.1)	—	(10.1)
Other, net	1.3	—	1.3	(4.6)	(3.3)
Balance at December 31, 2015	€ (6,833.3)	€ 735.0	€ (6,098.3)	€ 81.7	€ (6,016.6)

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, 2016	€ (6,833.3) €	735.0 €	(6,098.3) €	81.7 €	(6,016.6)
Net loss	(692.3)	—	(692.3)	13.0	(679.3)
Other comprehensive earnings, net of taxes (note 13)	—	28.5	28.5	—	28.5
Deemed contribution of technology- related services (note 11)	27.3	—	27.3	—	27.3
Share-based compensation (note 11) ..	17.0	—	17.0	—	17.0
Capital charge in connection with exercise or vesting of share-based incentive awards (note 11)	(8.1)	—	(8.1)	—	(8.1)
Property and equipment contributed by parent company (notes 7 and 11) ...	17.3	—	17.3	—	17.3
Distributions by subsidiaries to noncontrolling interest owners	—	—	—	(13.0)	(13.0)
Other, net	(0.5)	—	(0.5)	(0.2)	(0.7)
Balance at December 31, 2016	€ (7,472.6) €	763.5 €	(6,709.1) €	81.5 €	(6,627.6)

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,		
	2016	2015	2014
	in millions		
Cash flows from operating activities:			
Net loss	€ (679.3)	€ (1,000.8)	€ (1,359.0)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Share-based compensation expense	17.0	12.1	5.4
Related-party fees and allocations, net	341.0	293.1	213.2
Depreciation and amortization	548.4	572.1	524.9
Impairment, restructuring and other operating items, net	5.3	5.0	(3.3)
Non-cash interest on related-party loans	564.7	600.1	1,060.2
Amortization of deferred financing costs and non-cash interest	7.6	6.7	12.5
Realized and unrealized losses (gains) on derivative instruments, net	28.9	42.3	(103.1)
Foreign currency transaction losses, net	117.8	216.0	437.1
Losses on debt modification and extinguishment, net	70.3	183.9	42.0
Deferred income tax expense (benefit)	(3.5)	10.4	4.2
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions:			
Receivables and other operating assets	164.1	295.1	464.0
Payables and accruals	(423.2)	(2,044.7)	(961.4)
Net cash provided (used) by operating activities	759.1	(808.7)	336.7
Cash flows from investing activities:			
Capital expenditures	(175.0)	(139.7)	(255.0)
Sale of related-party receivable	—	—	323.3
Repayments from (advances to) related parties and affiliates, net	8.6	(55.9)	138.9
Cash paid in connection with acquisitions, net of cash acquired	(19.6)	(24.8)	(53.4)
Other investing activities, net	2.6	2.9	1.0
Net cash provided (used) by investing activities	€ (183.4)	€ (217.5)	€ 154.8

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,		
	2016	2015	2014
	in millions		
Cash flows from financing activities:			
Repayments and repurchases of third-party debt and capital lease obligations	€ (1,288.7)	€ (5,940.2)	€ (1,374.6)
Borrowings of third-party debt	854.8	3,429.1	290.7
Borrowings of related-party debt, net	71.2	3,964.5	1,020.5
Net cash paid related to derivative instruments	(255.1)	(229.7)	(19.2)
Payments of financing costs and debt premiums	(61.4)	(177.8)	(16.5)
Change in cash collateral	—	51.5	(51.3)
Distributions by subsidiaries to noncontrolling interest owners	(11.9)	(10.3)	(9.0)
Contributions from (distributions to) other Liberty Global subsidiaries, net	(0.4)	1.1	(323.4)
Cash repaid related to an advance from a related-party	—	—	(418.4)
Other financing activities, net	(2.2)	(2.8)	(1.9)
Net cash provided (used) by financing activities	(693.7)	1,085.4	(903.1)
Effect of exchange rate changes on cash	5.8	28.5	1.2
Net increase (decrease) in cash and cash equivalents	(112.2)	87.7	(410.4)
Cash and cash equivalents:			
Beginning of year	139.0	51.3	461.7
End of year	€ 26.8	€ 139.0	€ 51.3
Cash paid for interest — third-party	€ 361.6	€ 397.4	€ 503.7
Cash paid for interest — related-party	€ —	€ 1,363.2	€ —
Net cash paid for taxes	€ 114.7	€ 92.7	€ 13.8

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.
Notes to Consolidated Financial Statements
December 31, 2016, 2015 and 2014

(1) Basis of Presentation

UPC Holding B.V. (**UPC Holding**) is a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**). 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, 2016, we provided (i) video, broadband internet and fixed-line telephony services in seven European countries and (ii) mobile services in four 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, we completed (i) the transfer of Ziggo Services B.V. (**Ziggo Services**) and its subsidiaries from our company to another subsidiary of Liberty Global outside of UPC Holding (the **Ziggo Services Transfer**), (ii) the transfer of UPC Broadband Ireland Ltd. (**UPC Ireland**) and its subsidiaries from our company to certain subsidiaries of Liberty Global outside of UPC Holding (the **UPC Ireland Transfer**) and (iii) the transfer 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 outside of UPC Holding (the **Corporate Entities Transfer**). The Ziggo Services Transfer, the UPC Ireland Transfer and the Corporate Entities Transfer are collectively referred to as the “**UPC Transfers**”. As the UPC Transfers constitute transactions between entities under common control, we have reflected these transfers at carryover basis, and our consolidated financial statements give effect to these transfers for all periods presented.

Unless otherwise indicated, ownership percentages and convenience translations into euros are calculated as of December 31, 2016.

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through March 21, 2017, the date of issuance.

(2) Accounting Changes and Recent Accounting Pronouncements

Accounting Changes

In April 2015, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (**ASU 2015-03**), which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a reduction of debt, similar to the presentation of debt discounts. ASU 2015-03 was effective for annual reporting periods beginning after December 15, 2015. We adopted ASU 2015-03 on January 1, 2016 and, accordingly, deferred financing costs are presented as a reduction of debt in our December 31, 2016 and 2015 consolidated balance sheets. Prior to the adoption of ASU 2015-03, we presented deferred financing costs in other assets, net.

Recent Accounting Pronouncements

ASU 2014-09

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (**ASU 2014-09**), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09, as amended by ASU No. 2015-14, will replace existing revenue recognition guidance when it becomes effective for annual periods beginning after December 15, 2018. This new standard permits the use of either the retrospective or cumulative effect transition method. We will adopt ASU 2014-09 effective January 1, 2018 using the cumulative effect transition method. While we are continuing to evaluate the effect that ASU 2014-09 will have on our consolidated financial statements, we have identified a number of our current revenue recognition policies that will be impacted by ASU 2014-09, including the accounting for (i) time-limited discounts and free periods provided to our customers and (ii) certain up-front fees charged to our customers. These impacts are discussed below:

- When we enter into contracts to provide services to our customers, we often provide time-limited discounts or free service periods. Under current accounting rules, we recognize revenue net of

UPC HOLDING B.V.
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discounts during the promotional periods and do not recognize any revenue during free service periods. Under ASU 2014-09, revenue recognition will be accelerated for these contracts as the impact of the discount or free service period will be recognized uniformly over the total contractual period.

- When we enter into contracts to provide services to our customers, we often charge installation or other up-front fees. Under current accounting rules, installation fees related to services provided over our cable networks are 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. Under ASU 2014-09, these fees will generally be deferred and recognized as revenue over the contractual period, or longer if the up-front fee results in a material renewal right.

As the above revenue recognition changes have offsetting impacts and both result in a relatively minor shift in the timing of revenue recognition, we currently do not expect ASU 2014-09 to have a material impact on our reported revenue.

ASU 2014-09 will also impact our accounting for certain upfront costs directly associated with obtaining and fulfilling customer contracts. Under our current policy, these costs are expensed as incurred unless the costs are in the scope of another accounting topic that allows for capitalization. Under ASU 2014-09, the upfront costs that are currently expensed as incurred will be recognized as assets and amortized to other operating expenses over a period that is consistent with the transfer to the customers of the goods or services to which the assets relate, which we have generally interpreted to be the expected customer life. The impact of the accounting change for these costs will be dependent on numerous factors, including the number of new subscriber contracts added in any given period, but we expect the adoption of this accounting change will initially result in the deferral of a significant amount of operating and selling costs.

The ultimate impact of adopting ASU 2014-09 for both revenue recognition and costs to obtain and fulfill contracts will depend on the promotions and offers in place during the period leading up to and after the adoption of ASU 2014-09.

ASU 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (ASU 2016-02)*, which, for most leases, will result in lessees recognizing lease assets and lease liabilities on the balance sheet with additional disclosures about leasing arrangements. ASU 2016-02 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. Although we are currently evaluating the effect that ASU 2016-02 will have on our consolidated financial statements, we expect the adoption of this standard will increase the number of leases to be accounted for as capital leases in our consolidated balance sheet.

ASU 2016-09

In March 2016, the FASB issued ASU No. 2016-09, *Compensation — Stock Compensation, Improvements to Employee Share-Based Payment Accounting (ASU 2016-09)*, which simplifies several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities and classification within the statement of cash flows. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. ASU 2016-09 will result in, among other matters, the immediate recognition for financial reporting purposes of excess tax benefits that currently are not recognized until such time as these tax benefits can be realized as a reduction of income taxes payable.

ASU 2017-04

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment (ASU 2017-04)*, which eliminates the requirement to estimate the implied fair value of a reporting unit's goodwill as

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determined following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, a company should recognize any goodwill impairment by comparing the fair value of a reporting unit to its carrying amount. ASU 2017-04 is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. We expect the adoption of ASU 2017-04 to reduce the complexity surrounding the evaluation of our goodwill for impairment.

(3) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (**U.S. GAAP**) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright expenses, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, 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, including the reclassification of deferred financing costs from other long-term assets to long-term debt and capital lease obligations and the reclassification of certain costs between programming and other direct costs of services, other operating and SG&A expenses. For additional information regarding the change in the classification of deferred financing costs, see “*Accounting Changes*” in note 2.

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. At December 31, 2016 and 2015, our restricted cash balances, which are included in other current assets in our consolidated balance sheets, aggregated €1.6 million and €1.8 million, respectively.

Our significant non-cash investing and financing activities are disclosed in our consolidated statements of owners’ deficit and in notes 7 and 8.

Cash Flow Statement

For purposes of determining the classification of cash flows in our consolidated statements of cash flows, payments or receipts on related-party loans are first applied to principal (included as cash flows from financing

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activities) and then to capitalized interest (included as cash flows from operating activities). Interest-bearing cash advances to related parties and repayments thereof are classified as investing activities. All other related-party borrowings, advances and repayments are reflected as financing activities.

For purposes of our consolidated statements of cash flows, expenses financed by an intermediary are treated as hypothetical operating cash outflows and hypothetical financing cash inflows when the expenses are incurred. When we pay the financing intermediary, we record financing cash outflows in our consolidated statements of cash flows.

Trade Receivables

Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated €13.9 million and €20.0 million at December 31, 2016 and 2015, respectively. The allowance for doubtful accounts is based upon our assessment of probable loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers and their dispersion across many different countries. We also manage this risk by disconnecting services to customers whose accounts are delinquent.

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 and other accrued and current liabilities, their respective carrying values approximate their respective fair values. For information concerning the fair values of certain of our derivatives and debt, see notes 5 and 8, respectively. For information regarding how we arrive at certain of our fair value measurements, see note 6.

Derivative Instruments

All derivative instruments are recorded on the balance sheet at fair value. As we do not apply hedge accounting to any of our derivative instruments, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our consolidated statements of operations.

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 foreign currency forward contracts that are used to hedge capital expenditures, the net cash received or paid is classified as an adjustment to capital expenditures in our consolidated statements of 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 in our consolidated statement of cash flows.

For information regarding our derivative instruments, 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 and mobile 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.

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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 and mobile 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 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, 2016 and 2015, the recorded value of our asset retirement obligations was €8.4 million and €8.2 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

When circumstances warrant, we review 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 (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

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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 recorded at the lower of their carrying amount or fair value less costs to sell.

We evaluate goodwill for impairment at least annually on October 1 and whenever 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 the goodwill may be impaired. If it is more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). 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.

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. In order to be considered essentially permanent in duration, sufficient evidence must indicate that the foreign subsidiary has invested or will invest its undistributed earnings indefinitely, or that earnings will be remitted in a tax-free liquidation. Interest and penalties related to income tax liabilities are included in income tax benefit or expense in our consolidated statements of operations.

UPC Holding and its Dutch subsidiaries are part of a Dutch tax fiscal unity (the **Dutch Fiscal Unity**) with its ultimate Dutch parent company, Liberty Global Holding B.V. (**Liberty Global Holding**), and other Dutch subsidiaries of Liberty Global. The income taxes of UPC Holding and its subsidiaries are presented in our consolidated statements of operations 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.

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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.

Sale of Multiple Products and Services. We sell video, broadband internet, fixed-line telephony and, in most of our markets, mobile services to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Revenue from bundled packages generally is allocated proportionally to the individual services based on the relative standalone price for each respective service.

Mobile Revenue — General. 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 consideration allocated to the handset is limited to the amount that is not contingent upon the delivery of future airtime services. Certain of our operations that provide mobile services offer handsets under a subsidized contract model, whereby upfront revenue recognition is limited to the upfront cash collected from the customer as the remaining monthly fees to be received from the customer, including fees that may be associated with the handset, are contingent upon delivering future airtime services. At certain of our operations, mobile customers may choose to enter into two distinct contractual relationships: (i) a mobile handset contract and (ii) a mobile airtime services contract (a **Split-contract Program**). Under the mobile handset contract, the customer takes full title to the handset upon delivery and typically has the option to either (a) pay for the handset in cash upon delivery or (b) pay for the handset in installments over a contractual period. Under these arrangements, the handset installment payments are not contingent upon delivering future airtime services and the consideration allocated to the handset is not limited to the upfront cash collected.

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. For customers under a mobile handset installment contract that is independent of a mobile airtime services contract, revenue is recognized upon delivery only if collectibility is reasonably assured. Our assessment of collectibility is based principally on internal and external credit assessments as well as historical collection information for similar customers. To the extent that collectibility of installment payments from the customer is not reasonably assured upon delivery of the handset, handset revenue is recognized on a cash basis as customer payments are received.

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.

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Sales, Use and Other Value-Added Taxes (VAT). Revenue is recorded net of applicable sales, use and other VAT.

Share-based Compensation

We recognize all share-based payments from Liberty Global to employees of our subsidiaries, including grants of employee share-based incentive awards, based on their grant date fair values and Liberty Global's estimates of forfeitures. We recognize the grant date 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.

The grant date fair values for options, share appreciation rights (**SARs**) and performance-based share appreciation rights (**PSARs**) are estimated using the Black-Scholes option pricing model, and the grant date fair values for restricted share units (**RSUs**) and performance-based restricted share units (**PSUs**) are based upon the closing share price of Liberty Global ordinary shares on the date of grant. Liberty Global has calculated the expected life of options and SARs granted by Liberty Global to employees based on historical exercise trends. The expected volatility for options and SARs related to Liberty Global ordinary shares 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 Liberty Global ordinary shares.

Litigation Costs

Legal fees and related litigation costs are expensed as incurred.

(4) Acquisition

Pending Acquisition

On October 18, 2016, our subsidiary UPC Polska SP Z.o.o. entered into a definitive agreement to acquire the cable business of Multimedia Polska S.A. (**Multimedia**), the third-largest cable operator in Poland, for cash consideration of PLN 3.0 billion (€681.0 million), which is equal to the enterprise value assigned to Multimedia for purposes of this transaction. We intend to finance the acquisition of Multimedia with existing liquidity. The final purchase price is subject to potential downward adjustments for the operational and financial performance of Multimedia prior to closing. The transaction is subject to customary closing conditions, including regulatory approval, and is expected to close in late 2017 or early 2018.

(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 Czech koruna (**CZK**), the Hungarian forint (**HUF**), the Polish zloty (**PLN**) and the Romanian lei (**RON**).

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The following table provides details of the fair values of our derivative instrument assets and liabilities:

	December 31, 2016			December 31, 2015		
	Current	Long-term	Total	Current	Long-term	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (a)	€ 158.5	€ 462.9	€ 621.4	€ 135.3	€ 432.2	€ 567.5
Foreign currency forward contracts	0.4	—	0.4	1.1	—	1.1
Other	0.2	0.2	0.4	0.5	0.9	1.4
Total	€ 159.1	€ 463.1	€ 622.2	€ 136.9	€ 433.1	€ 570.0
Liabilities:						
Cross-currency and interest rate derivative contracts (a)	€ 158.6	€ 625.8	€ 784.4	€ 158.9	€ 778.9	€ 937.8
Foreign currency forward contracts	4.3	—	4.3	0.7	—	0.7
Other	—	0.1	0.1	—	—	—
Total	€ 162.9	€ 625.9	€ 788.8	€ 159.6	€ 778.9	€ 938.5

- (a) We consider credit risk in our fair value assessments. As of December 31, 2016 and 2015, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €16.2 million and €9.5 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 €50.3 million and €62.2 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 debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains (losses) of (€18.5 million), €26.6 million and (€47.7 million) during 2016, 2015 and 2014, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our consolidated statements of operations. For further information regarding our fair value measurements, see note 6.

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

	Year ended December 31,		
	2016	2015	2014
	in millions		
Cross-currency and interest rate derivative contracts	€ (22.7)	€ (41.3)	€ 92.6
Foreign currency forward contracts	(5.3)	(1.8)	10.5
Other	(0.9)	0.8	—
Total	€ (28.9)	€ (42.3)	€ 103.1

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The following table sets forth the classification of the net cash inflows (outflows) of our derivative instruments:

	Year ended December 31,		
	2016	2015	2014
	in millions		
Operating activities	€ 26.6	€ (111.9)	€ (210.4)
Investing activities	(2.5)	—	—
Financing activities	(255.1)	(229.7)	(19.2)
Total	€ (231.0)	€ (341.6)	€ (229.6)

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, 2016, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €418.0 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 the settlement amount and/or compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

Details of our Derivative Instruments

In the following tables, we present the details of the various categories of our derivative instruments, all of which are held by our subsidiary, UPC Broadband Holding B.V. (**UPC Broadband Holding**). 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, 2016, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to December 31, 2016, we present a range of dates that represents the period covered by the applicable derivative instruments.

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Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at December 31, 2016, are as follows:

Final maturity date	Notional amount due from counterparty	Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to (from) counterparty
in millions				
January 2023 \$	1,140.0 €	1,043.7	5.38%	3.71%
August 2024 \$	412.9 €	315.8	6 mo. LIBOR + 3.00%	6 mo. EURIBOR + 3.36%
August 2024 \$	325.0 €	238.7	6 mo. LIBOR + 3.00%	3.87%
January 2017 —				
August 2024 \$	262.1 €	194.1	6 mo. LIBOR + 3.00%	6 mo. EURIBOR + 3.13%
August 2024 \$	250.0 €	181.4	7.25%	7.15%
August 2024 \$	225.0 CHF	206.3	6 mo. LIBOR + 3.00%	3.02%
August 2024 \$	200.0 CHF	186.0	6 mo. LIBOR + 3.00%	6 mo. CHF LIBOR + 3.05%
January 2017 — July				
2023 \$	200.0 CHF	185.5	6 mo. LIBOR + 2.50%	6 mo. CHF LIBOR + 2.48%
August 2024 \$	175.0 CHF	158.7	7.25%	6 mo. CHF LIBOR + 5.01%
January 2017 — July				
2021 \$	100.0 CHF	92.8	6 mo. LIBOR + 2.50%	6 mo. CHF LIBOR + 2.49%
July 2021 — August				
2024 \$	100.0 CHF	92.8	6 mo. LIBOR + 3.00%	6 mo. CHF LIBOR + 2.48%
August 2024 (a) €	379.2 \$	425.0	2.45%	2.76%
September 2022 €	600.0 CHF	728.2	6 mo. EURIBOR + 2.59%	6 mo. CHF LIBOR + 2.71%
January 2020 €	460.1 CHF	566.5	9.41%	8.21%
July 2023 €	450.0 CHF	488.6	—%	(0.45)%
January 2017 —				
August 2024 €	383.8 CHF	477.0	6 mo. EURIBOR + 2.00%	6 mo. CHF LIBOR + 2.27%
January 2021 €	234.2 CHF	253.0	2.51%	2.22%
January 2020 €	161.0 CHF	264.0	6 mo. EURIBOR + 3.75%	6 mo. CHF LIBOR + 2.88%
August 2024 €	70.1 CHF	84.8	6 mo. EURIBOR + 2.50%	6 mo. CHF LIBOR + 3.07%
July 2023 €	56.0 CHF	62.4	6 mo. EURIBOR + 2.21%	6 mo. CHF LIBOR + 2.65%
January 2020 €	318.9 CZK	8,818.7	5.58%	5.44%
January 2022 €	99.6 CZK	2,703.1	4.51%	4.82%
December 2021 €	488.0 HUF	138,437.5	5.50%	7.39%
January 2022 €	707.0 PLN	2,999.5	5.10%	8.15%
January 2020 €	144.6 PLN	605.0	5.50%	7.98%
January 2022 €	191.0 RON	490.0	3.19%	10.94%

- (a) Unlike the other cross-currency swaps presented in this table, the identified cross-currency swaps do not involve the exchange of notional amounts at the inception and maturity of the instruments. Accordingly, the only cash flows associated with these derivative instruments are interest payments and receipts.

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Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at December 31, 2016, are as follows:

<u>Final maturity date</u>	<u>Notional amount</u>	<u>Interest rate due from counterparty</u>	<u>Interest rate due to (from) counterparty</u>
	in millions		
January 2017 — January 2018	\$ 2,150.0	1 mo. LIBOR + 3.00%	6 mo. LIBOR + 2.56%
August 2024	\$ 425.0	6 mo. LIBOR + 5.76%	7.25%
September 2022	€ 600.0	6.38%	6 mo. EURIBOR + 4.14%
January 2026 (a)	€ 600.0	6 mo. EURIBOR	1.54%
September 2022	CHF 728.2	6 mo. CHF LIBOR	1.75%
August 2024	CHF 558.8	6 mo. CHF LIBOR	0.93%
July 2021 — August 2024	CHF 400.0	6 mo. CHF LIBOR	0.02%
July 2021	CHF 400.0	6 mo. CHF LIBOR	0.40%
August 2024	CHF 279.2	6 mo. CHF LIBOR + 2.85%	3.13%
January 2020	CHF 264.0	6 mo. CHF LIBOR	(0.65)%

- (a) Represents interest rate swap contracts in which the receivable portion of the contract has an interest rate floor.

Interest Rate Cap

Our sold interest rate cap contract with respect to EURIBOR at December 31, 2016, is detailed below:

<u>Final maturity date</u>	<u>Notional amount</u>	<u>EURIBOR cap rate</u>
	in millions	
January 2020 (a)	€ 735.0	7.00%

- (a) Represents a sold interest rate cap, which requires that we make payments to the counterparty when the relevant EURIBOR rate exceeds the EURIBOR cap rate during the specified observation periods.

Interest Rate Collars

Our interest rate collar contracts establish floor and cap rates with respect to EURIBOR on the indicated notional amount at December 31, 2016, as detailed below:

<u>Final maturity date</u>	<u>Notional amount</u>	<u>EURIBOR floor rate (a)</u>	<u>EURIBOR cap rate (b)</u>
	in millions		
July 2017 — January 2020	€ 1,135.0	1.00%	3.54%

- (a) We make payments to the counterparty when the relevant EURIBOR rate is less than the EURIBOR floor rate during the specified observation periods.
- (b) We receive payments from the counterparty when the relevant EURIBOR rate is greater than the EURIBOR cap rate during the specified observation periods.

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Foreign Currency Forwards

The following table summarizes our outstanding foreign currency forward contracts at December 31, 2016:

<u>Maturity dates</u>		<u>Currency purchased forward</u>	<u>Currency sold forward</u>
		<u>in millions</u>	
January 2017 — December 2017	\$	2.6	CZK 60.0
January 2017 — June 2017	€	368.1	CHF 398.6
January 2017 — December 2017	€	20.1	CZK 540.0
January 2017 — December 2017	€	19.0	HUF 6,000.0
January 2017 — December 2017	€	36.0	PLN 160.9
January 2017 — March 2017	£	0.9	€ 1.2

Foreign Currency Forward Options

The following table sets forth the outstanding foreign currency forward option contract at December 31, 2016:

<u>Maturity date</u>	<u>Notional</u>	<u>Exchange currency</u>	<u>Weighted average strike price</u>
	<u>in millions</u>		
April 2018	€ 286.6	Polish zloty PLN	4.07

(6) Fair Value Measurements

We use the fair value method to account for our derivative instruments. The reported fair values of these instruments as of December 31, 2016 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During 2016, no such transfers were made.

All of our Level 2 inputs (interest rate futures and swap rates) and certain of our Level 3 inputs (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 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 instruments. This observable data mostly includes 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

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estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 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 relationship, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. We did not perform significant nonrecurring fair value measurements during 2016 or 2015.

At December 31, 2016 and 2015, 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, 2016	December 31,	
		2016	2015
in millions			
Distribution systems	3 to 30 years	€ 3,829.8	€ 3,808.9
Customer premises equipment	5 years	1,176.3	1,160.6
Support equipment, buildings and land	3 to 50 years	447.9	425.1
		5,454.0	5,394.6
Accumulated depreciation		(2,944.7)	(3,030.2)
Total property and equipment, net		€ 2,509.3	€ 2,364.4

Depreciation expense related to our property and equipment was €517.1 million, €518.7 million and €459.9 million during 2016, 2015 and 2014, respectively.

At December 31, 2016 and 2015, the amount of property and equipment, net, recorded under capital leases was €28.1 million and €19.2 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 2016, 2015 and 2014, we recorded non-cash increases to our property and equipment related to (i) certain vendor financing arrangements of €640.0 million, €517.8 million and €313.1 million, respectively,

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which exclude related VAT of €63.5 million, €55.3 million and €28.4 million, respectively, that were also financed by our vendors under these arrangements and (ii) assets acquired under capital leases of €12.2 million, €1.0 million and €0.9 million, respectively. Furthermore, during 2016, 2015 and 2014, we recorded non-cash increases to our property and equipment of €17.3 million, €16.0 million and €18.6 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 11.

Goodwill

Changes in the carrying amount of our goodwill during 2016 are set forth below:

	January 1, 2016	Acquisitions and related adjustments	Foreign currency translation adjustments	December 31, 2016
	in millions			
Switzerland/Austria	€ 3,221.4	€ 10.4	€ 32.9	€ 3,264.7
Central and Eastern Europe	1,092.3	1.6	(8.8)	1,085.1
Total	<u>€ 4,313.7</u>	<u>€ 12.0</u>	<u>€ 24.1</u>	<u>€ 4,349.8</u>

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, 2016 and 2015 and based on exchange rates as of those dates, our accumulated goodwill impairments were €171.1 million and €171.9 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 2015 are set forth below:

	January 1, 2015	Acquisitions and related adjustments	Foreign currency translation adjustments	December 31, 2015
	in millions			
Switzerland/Austria	€ 2,968.4	€ —	€ 253.0	€ 3,221.4
Central and Eastern Europe	1,076.1	6.6	9.6	1,092.3
Total	<u>€ 4,044.5</u>	<u>€ 6.6</u>	<u>€ 262.6</u>	<u>€ 4,313.7</u>

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization are set forth below:

		December 31, 2016			December 31, 2015		
	Estimated useful life at December 31, 2016	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
		in millions					
Customer relationships	4 to 10 years	€ 256.8	€ (158.2)	€ 98.6	€ 249.0	€ (134.3)	€ 114.7
Other	2 years	3.3	(2.9)	0.4	3.7	(2.8)	0.9
Total		<u>€ 260.1</u>	<u>€ (161.1)</u>	<u>€ 99.0</u>	<u>€ 252.7</u>	<u>€ (137.1)</u>	<u>€ 115.6</u>

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Amortization expense related to intangible assets with finite useful lives was €31.3 million, €53.4 million and €65.0 million during 2016, 2015 and 2014, respectively. Based on our amortizable intangible asset balances at December 31, 2016, 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, 2016 are presented below (in millions):

2017	€ 31.2
2018	28.1
2019	10.5
2020	8.3
2021	7.2
Thereafter	13.7
Total	<u>€ 99.0</u>

(8) Debt and Capital Lease Obligations

The euro equivalents of the components of our consolidated third-party debt are as follows:

	December 31, 2016		Estimated fair value (c)		Principal amount		
	Weighted average interest rate (a)	Unused borrowing capacity (b)	December 31,		December 31,		
			2016	2015	2016	2015	
	in millions						
Third-party debt:							
Parent — UPC Holding Senior							
Notes	6.59%	€ —	€ 1,488.3	€ 1,473.8	€ 1,376.2	€ 1,372.2	
Subsidiaries:							
UPC Broadband Holding Bank							
Facility	3.83%	990.1	2,666.1	1,181.9	2,638.5	1,201.0	
UPCB SPE Notes	4.88%	—	1,691.2	2,882.1	1,680.9	2,891.5	
Vendor financing (d)	3.53%	—	736.7	546.4	736.7	546.4	
Total third-party debt before unamortized discounts and deferred financing costs . . .	4.66%	€ 990.1	€ 6,582.3	€ 6,084.2	€ 6,432.3	€ 6,011.1	

The following table provides a reconciliation of total third-party debt before unamortized discounts and deferred financing costs to total debt and capital lease obligations:

	December 31,	
	2016	2015
in millions		
Total third-party debt before unamortized discounts and deferred financing costs	€ 6,432.3	€ 6,011.1
Unamortized discounts	(13.8)	(7.9)
Unamortized deferred financing costs	(30.2)	(30.5)
Total carrying amount of third-party debt	6,388.3	5,972.7
Capital lease obligations	31.7	22.7
Total third-party debt and capital lease obligations	6,420.0	5,995.4
Related-party debt (note 11)	6,161.4	5,825.4
Total debt and capital lease obligations	12,581.4	11,820.8
Current maturities of debt and capital lease obligations	(740.8)	(548.7)
Long-term debt and capital lease obligations	<u>€ 11,840.6</u>	<u>€ 11,272.1</u>

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- (a) Represents the weighted average interest rate in effect at December 31, 2016 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 5.3% at December 31, 2016. For information regarding 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, 2016 without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2016, based on the applicable leverage and other financial covenants, our availability under the UPC Broadband Holding Bank Facility was limited to €676.0 million. When the relevant December 31, 2016 compliance reporting requirements have been completed and assuming no changes from December 31, 2016 borrowing levels, we anticipate that the full amount of unused borrowing capacity under the UPC Broadband Holding Bank Facility will be available to be borrowed.
- (c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 6.
- (d) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions and, to a lesser extent, certain of our operating expenses. These obligations are generally due within one year and include VAT that was paid on our behalf by the vendor. At December 31, 2016 and 2015, the amounts owed pursuant to these arrangements include €12.8 million and €6.7 million, respectively, related to third-party capital-related 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. 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.

General Information

Credit Facility. We have entered into a credit facilities agreement with certain financial institutions (the “**credit facility**”). Our credit facility contains certain covenants, the more notable of which are as follows:

- Our credit facility contains certain consolidated net leverage ratios, as specified in the credit facility, which are required to be complied with on an incurrence and/or maintenance basis;
- Our credit facility contains certain restrictions which, among other things, restrict our ability to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over our assets, in each case, subject to certain customary and agreed exceptions and (iv) make certain restricted payments to our direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants;
- Our credit facility requires that UPC Holding and certain of its subsidiaries (i) guarantee the payment of all sums payable under the relevant credit facility and (ii) grant first-ranking security over their shares and certain intercompany loan receivables to secure the payment of all sums payable thereunder;

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- In addition to certain mandatory prepayment events, the instructing group of lenders under our credit facility may cancel the commitments thereunder and declare the loans thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the credit facility);
- Our credit facility contains certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the instructing group of lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand;
- Our credit facility requires that we observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions; and
- In addition to customary default provisions, our credit facility includes cross-default and cross-acceleration provisions with respect to our other indebtedness, subject to agreed minimum thresholds and other customary and agreed exceptions.

Senior Notes. UPC Holding has issued certain senior notes. In general, our senior notes (i) are senior obligations of UPC Holding that rank equally with all of the existing and future senior debt of UPC Holding and are senior to all existing and future subordinated debt of UPC Holding and (ii) are secured by a pledge over the shares of UPC Holding. In addition, the indentures governing our senior notes contain certain covenants, the more notable of which are as follows:

- Our notes contain (i) certain customary incurrence-based covenants and (ii) certain restrictions that, among other things, restrict the ability of UPC Holding to (a) incur or guarantee certain financial indebtedness, (b) make certain disposals and acquisitions, (c) create certain security interests over our assets, in each case, subject to certain customary and agreed exceptions and (d) make certain restricted payments to our direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants;
- Our notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of UPC Holding or certain of its subsidiaries, over agreed minimum thresholds (as specified under the applicable indenture), is an event of default under the respective notes; and
- If UPC Holding or certain of its subsidiaries (as specified in the applicable indenture) sell certain assets, UPC Holding must offer to repurchase the applicable notes at par, or if a change of control (as specified in the applicable indenture) occurs, UPC Holding must offer to repurchase all of the relevant notes at a redemption price of 101%.

SPE Notes. From time to time, we create special purpose financing entities, which are 100% owned by third parties, for the primary purpose of facilitating the offering of senior secured notes, which we collectively refer to as the “**UPCB SPE Notes**.” In this regard, UPCB SPE Notes have been issued, and are outstanding at December 31, 2016, by UPCB Finance IV Limited (**UPCB Finance IV**, the “**UPCB SPE**”).

As further described below, the UPCB SPE used the proceeds from the issuance of UPCB SPE Notes to fund term loan facilities to UPC Financing Partnership (**UPC Financing**), each a “**UPC Funded Facility**” and collectively the “**UPC Funded Facilities**.” Each UPCB SPE is dependent on payments from UPC Financing under the applicable UPC 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 the UPCB SPE, the UPC Funded Facilities create a variable interest in the UPCB SPE for which UPC Financing is the primary beneficiary. As such, UPC Financing is required to consolidate the UPCB SPE. As a result, the amounts outstanding under the UPC Funded Facilities are eliminated in 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 UPC Funded Facilities, the call provisions, maturity and applicable

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interest rate for each UPC Funded Facility are the same as those of the related UPCB SPE Notes. The UPCB SPE, as a lender under the credit facility, is treated the same as the other lenders under the credit 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 UPCB SPE and (ii) the UPCB SPE's rights under the UPC Funded Facilities granted to secure the 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 SPE as lenders under the credit facility. The UPCB SPE is prohibited from incurring any additional indebtedness, subject to certain exceptions under the UPCB SPE Indentures.

UPC Holding Senior Notes

The details of the UPC Holding Senior Notes as of December 31, 2016 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 6.375% Senior Notes	September 15, 2022	€	600.0 €	600.0 €	640.8 €
UPC Holding 6.75% Senior Notes:					
UPC Holding 6.75% Euro Senior Notes	March 15, 2023	€	450.0	450.0	491.9
UPC Holding 6.75% CHF Senior Notes	March 15, 2023	CHF	350.0	326.2	355.6
Total		€	1,376.2	1,488.3	1,366.2

(a) Amounts are net of discounts and deferred financings costs, where applicable.

At any time prior to 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 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, as set forth below:

	Redemption price	
	UPC Holding 6.375% Senior Notes	UPC Holding 6.75% Senior Notes
12-month period commencing	September 15	March 15
2017	103.188%	N.A.
2018	102.125%	103.375%
2019	101.063%	102.250%
2020	100.000%	101.125%
2021 and thereafter	100.000%	100.000%

2015 and 2014 Financing Transactions. During 2015 and 2014, UPC Holding completed a number of financing transactions that generally resulted in lower interest rates and extended maturities. In connection with

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these transactions, we recognized losses on debt modification and extinguishment, net, of €61.8 million and €30.0 million during 2015 and 2014, respectively, which includes (i) the payment of redemption premiums of €52.8 million and €14.3 million, respectively, (ii) the write-off of deferred financing costs of €9.0 million and €3.2 million, respectively, and (iii) the write-off of unamortized discount of nil and €12.5 million, respectively.

UPC Broadband Holding Bank Facility

The UPC Broadband Holding Bank Facility is the senior secured credit facility of certain subsidiaries of UPC Holding. The details of our borrowings under the UPC Broadband Holding Bank Facility as of December 31, 2016 are summarized in the following table:

UPC Broadband Holding Facility	Maturity	Interest rate	Facility amount (in borrowing currency) (a)	Outstanding principal amount	Unused borrowing capacity (b)	Carrying value (c)
in millions						
AK (d)	January 15, 2027	4.000%	€ 600.0	€ 600.0	—	€ 595.3
AL (d)	January 15, 2025	5.375%	\$ 1,140.0	1,080.9	—	1,073.5
AM	December 31, 2021	EURIBOR + 2.75%	€ 990.1	—	990.1	—
AN	August 31, 2024	LIBOR + 3.00%	\$ 2,150.0	2,038.5	—	2,021.3
AO	January 15, 2026	EURIBOR + 3.00%	€ 600.0	600.0	—	595.3
Elimination of Facilities AK and AL in consolidation (d)				(1,680.9)	—	(1,668.8)
Total				€ 2,638.5	€ 990.1	€ 2,616.6

- (a) Except as described in (d) below, amounts represent total third-party facility amounts at December 31, 2016.
- (b) At December 31, 2016, our availability under the UPC Broadband Holding Bank Facility was limited to €676.0 million. When the relevant December 31, 2016 compliance reporting requirements have been completed, and assuming no changes from the December 31, 2016 borrowing levels, we anticipate that the full amount of unused borrowing capacity under the UPC Broadband Holding Bank Facility will be available to be borrowed. UPC Facility AM has a fee on unused commitments of 1.1% per year.
- (c) Amounts are net of discounts and deferred financing costs, where applicable.
- (d) As further discussed in the below description of the UPCB SPE Notes, the amounts borrowed by UPC Financing outstanding under UPC Facilities AK and AL are eliminated in our consolidated financial statements.

2016 Refinancing Transactions. In August 2016, UPC Broadband Holding entered into UPC Facility AN. UPC Facility AN was issued at 99.5% of par and is subject to a LIBOR floor of 0.0%. The net proceeds from UPC Facility AN were used to prepay (i) in full the \$1,305.0 million (€1,237.3 million) outstanding principal amount under UPC Facility AH, (ii) in full the \$675.0 million (€640.0 million) outstanding principal amount under UPC Facility AC, together with accrued and unpaid interest and the related prepayment premium, to UPCB Finance V Limited (**UPCB Finance V**) and, in turn, UPCB Finance V used such proceeds to fully redeem the \$675.0 million (€640.0 million) principal amount of its 7.250% senior secured notes and (iii) 10% of the \$750.0 million (€711.1 million) original principal amount under UPC Facility AD, together with accrued and unpaid interest and the related prepayment premium, to UPCB Finance VI Limited (**UPCB Finance VI**) and, in turn, UPCB Finance VI used such proceeds to redeem 10% of its \$750.0 million (€711.1 million) original principal amount of 6.875% senior secured notes due January 15, 2022 (the **UPCB Finance VI Notes**). The redemption price for the UPCB Finance VI Notes was 103% of the applicable redeemed principal amount. In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of €43.5 million. This loss includes (a) the payment of €30.5 million of redemption premium, (b) the write-off of €9.8 million of deferred financing costs and (c) the write-off of unamortized discount of €3.2 million.

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In November 2016, UPC Financing entered into UPC Facility AO. UPC Facility AO was issued at 99.75% of par and is subject to a EURIBOR floor of 0.0%. The net proceeds from UPC Facility AO, in conjunction with existing cash, were used to prepay in full the remaining \$600.0 million (€568.9 million) outstanding principal amount under UPC Facility AD, together with accrued and unpaid interest and the related prepayment premium to UPCB Finance VI and, in turn, UPCB Finance VI used such proceeds to redeem the remaining \$600.0 million (€568.9 million) outstanding principal amount of the UPCB Finance VI Notes. The redemption price for the UPCB Finance VI Notes was 103% of the applicable redeemed principal amount. In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of €26.8 million. This loss includes (i) the payment of €21.8 million of redemption premium and (ii) the write-off of €5.0 million of deferred financing costs.

For information regarding a refinancing transaction completed subsequent to December 31, 2016 that impacts the UPC Broadband Holding Bank Facility, see note 16.

2015 and 2014 Refinancing Transactions. During 2015 and 2014, we completed a number of refinancing transactions that generally resulted in lower interest rates or extended maturities under the UPC Broadband Holding Bank Facility. In connection with these transactions, we recognized losses on debt modification and extinguishment, net, of €68.7 million and €12.0 million during 2015 and 2014, respectively. These losses include (i) the payment of €47.8 million of redemption premium in 2015, (ii) the write-off of deferred financing costs of €16.7 million and €8.5 million, respectively, and (iii) the write-off of unamortized discounts of €4.2 million and €3.5 million, respectively.

UPCB SPE Notes

The details of the UPCB SPE Notes as of December 31, 2016 are summarized in the following table:

UPCB SPE Notes	Maturity	Interest rate	Original issue amount	Outstanding principal amount			
				Borrowing currency	Euro equivalent	Estimated fair value	Carrying value (a)
in millions							
UPCB Finance IV Dollar							
Notes	January 15, 2025	5.375%	\$ 1,140.0	\$ 1,140.0	€ 1,080.9	€ 1,089.7	€ 1,073.5
UPCB Finance IV Euro							
Notes	January 15, 2027	4.000%	€ 600.0	€ 600.0	600.0	601.5	595.3
Total					€ 1,680.9	€ 1,691.2	€ 1,668.8

(a) Amounts are net of discounts and deferred financing costs, where applicable.

Subject to the circumstances described below, the UPCB Finance IV Dollar Notes are non-callable until January 15, 2020 and the UPCB Finance IV Euro Notes are non-callable until January 15, 2021 (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 UPC Funded Facility are voluntarily prepaid (an **Early Redemption Event**), then the UPCB SPE will be required to redeem an aggregate principal amount of its UPCB SPE Notes equal to the aggregate principal amount of the loans so prepaid under the relevant UPC Funded Facility. In general, the redemption price payable will equal 100% of the principal amount of the applicable UPCB SPE Notes to be redeemed and a “make-whole” premium, which is the present value of all remaining scheduled interest payments to the applicable UPCB SPE Notes Call Date using the discount rate (as specified in the applicable UPCB SPE Indenture) as of the redemption date plus 50 basis points.

Upon the occurrence of an Early Redemption Event on or after the UPCB SPE Notes Call Date, the UPCB SPE will redeem an aggregate principal amount of its UPCB SPE Notes equal to the principal amount of the related UPC Funded Facility prepaid at the following redemption prices (expressed as a percentage of the

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principal amount), plus accrued and unpaid interest and additional amounts (as specified in the applicable UPCB SPE Indentures), if any, to the applicable redemption date as set forth below:

	Redemption price	
	UPCB Finance IV Dollar Notes	UPCB Finance IV Euro Notes
12-month period commencing	January 15	January 15
2020	102.688%	N.A.
2021	101.792%	102.000%
2022	100.896%	101.000%
2023	100.000%	100.500%
2024 and thereafter	100.000%	100.000%

2016 Refinancing Transactions. In August 2016, UPC Broadband Holding entered into UPC Facility AN. A portion of the net proceeds from UPC Facility AN were ultimately used to redeem (i) in full the amount outstanding under the UPCB Finance V Notes and (ii) 10% of the original principal amount under the UPCB Finance VI Notes, as further described above under *UPC Broadband Holding Bank Facility - 2016 Refinancing Transactions*.

In November 2016, UPC Financing and UPC Broadband Holding entered into UPC Facility AO. A portion of the net proceeds from UPC Facility AO were ultimately used to redeem the remaining outstanding amount under the UPCB Finance VI Notes, as further described above under *UPC Broadband Holding Bank Facility - 2016 Refinancing Transactions*.

2015 Refinancing Transactions. During 2015, we completed a number of refinancing transactions that generally resulted in lower interest rates and extended maturities. In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of €53.4 million. This loss includes (i) the payment of €48.6 million of redemption premium and (ii) the write-off of €4.8 million of deferred financing costs.

Maturities of Debt and Capital Lease Obligations

Maturities of our debt and capital lease obligations as of December 31, 2016 are presented below and such amounts represent euro equivalents based on December 31, 2016 exchange rates:

Debt:

	Third-party debt (a)	Shareholder Loan and related- party debt	Total
	in millions		
Year ending December 31:			
2017	€ 736.7	€ —	€ 736.7
2018	—	—	—
2019	—	—	—
2020	—	—	—
2021	—	—	—
Thereafter	5,695.6	6,161.4	11,857.0
Total debt maturities	6,432.3	6,161.4	12,593.7
Unamortized discount	(13.8)	—	(13.8)
Unamortized deferred financing costs	(30.2)	—	(30.2)
Total debt	€ 6,388.3	€ 6,161.4	€12,549.7
Current portion	€ 736.7	€ —	€ 736.7
Noncurrent portion	€ 5,651.6	€ 6,161.4	€11,813.0

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- (a) Amounts include the UPCB SPE Notes issued by the UPCB SPE. As described above, the UPCB SPE is consolidated by UPC Holding.

Capital lease obligations (in millions):

Year ending December 31:	
2017	€ 6.1
2018	6.0
2019	5.3
2020	4.4
2021	4.0
Thereafter	16.7
Total principal and interest payments	42.5
Amounts representing interest	(10.8)
Present value of net minimum lease payments	€ 31.7
Current portion	€ 4.1
Noncurrent portion	€ 27.6

Non-cash Financing Transactions

During 2016, 2015 and 2014, certain of our financing transactions included non-cash borrowings and repayments of debt aggregating €1,815.7 million, €1,378.4 million and €1,005.3 million, respectively.

(9) Income Taxes

UPC Holding and its Dutch subsidiaries are part of the Dutch Fiscal Unity. The Dutch Fiscal Unity combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. The income taxes of UPC Holding and its subsidiaries are presented in our consolidated statements of operations on a separate return basis for each tax paying entity or group. Tax amounts allocated 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. Accordingly, any related-party tax allocations are reflected as an adjustment of parent's equity in our consolidated statements of owners' deficit. During the periods presented in these consolidated financial statements, all related-party tax allocations represented tax benefits generated by UPC Dutch subsidiaries that were recorded net of applicable valuation allowances, thereby resulting in no net related-party tax allocations. Furthermore, Unitymedia International GmbH (**UMI**) has entered into a tax integration agreement and a profit-sharing agreement with its immediate parent, Unitymedia Hessen GmbH & Co. KG (**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.

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The domestic (Dutch Fiscal Unity) and foreign components of our loss before income taxes are as follows:

	Year ended December 31,		
	2016	2015	2014
	in millions		
Domestic	€ (804.5)	€ (1,207.4)	€ (1,487.1)
Foreign:			
Switzerland	246.0	353.4	242.8
Other	(63.5)	(61.3)	(24.8)
Total	<u>€ (622.0)</u>	<u>€ (915.3)</u>	<u>€ (1,269.1)</u>

Income tax expense consists of:

	Current	Deferred	Total
	in millions		
Year ended December 31, 2016:			
Domestic	€ (0.2)	€ —	€ (0.2)
Foreign:			
Switzerland	(43.6)	5.2	(38.4)
Other	(17.0)	(1.7)	(18.7)
Total	€ (60.8)	€ 3.5	€ (57.3)
Year ended December 31, 2015:			
Domestic	€ —	€ —	€ —
Foreign:			
Switzerland	(56.9)	(13.9)	(70.8)
Other	(18.2)	3.5	(14.7)
Total	€ (75.1)	€ (10.4)	€ (85.5)
Year ended December 31, 2014:			
Domestic	€ —	€ —	€ —
Foreign:			
Switzerland	(57.9)	2.3	(55.6)
Other	(27.8)	(6.5)	(34.3)
Total	€ (85.7)	€ (4.2)	€ (89.9)

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 factors:

	Year ended December 31,		
	2016	2015	2014
	in millions		
Computed “expected” tax benefit	€ 155.5	€ 228.8	€ 317.3
Change in valuation allowances	(179.6)	(269.8)	(319.0)
Non-deductible or non-taxable interest and other expenses	(44.3)	(52.0)	(84.2)
Other, net	11.1	7.5	(4.0)
Total income tax expense	<u>€ (57.3)</u>	<u>€ (85.5)</u>	<u>€ (89.9)</u>

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The components of our deferred tax liabilities are as follows:

	December 31,	
	2016	2015
	in millions	
Deferred tax assets (a)	€ 20.5	€ 20.3
Deferred tax liabilities (a)	(98.7)	(97.3)
Net deferred tax liability	€ (78.2)	€ (77.0)

- (a) Our 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:

	December 31,	
	2016	2015
	in millions	
Deferred tax assets:		
Net operating loss and other carryforwards	€ 2,356.7	€ 2,180.9
Debt	92.1	159.3
Intangible assets	50.0	99.9
Derivative instruments	41.7	92.5
Property and equipment, net	21.3	21.3
Other future deductible amounts	25.1	27.0
Deferred tax assets	2,586.9	2,580.9
Valuation allowance	(2,507.0)	(2,492.4)
Deferred tax assets, net of valuation allowance	79.9	88.5
Deferred tax liabilities:		
Property and equipment, net	(64.0)	(70.6)
Intangible assets	(47.2)	(45.8)
Other future taxable amounts	(46.9)	(49.1)
Deferred tax liabilities	(158.1)	(165.5)
Net deferred tax liability	€ (78.2)	€ (77.0)

Our deferred income tax valuation allowance increased €14.6 million during 2016. This increase reflects the net effect of (i) the net tax expense related to our continuing operations of €179.6 million, (ii) the effect of rate changes, (iii) the expiration of net operating losses and (iv) other individually insignificant items.

The significant components of our tax loss carryforwards and related tax assets at December 31, 2016 are as follows:

Country	Tax loss carryforward	Related tax asset	Expiration date
	in millions		
The Netherlands	€ 8,039.0	€ 2,009.8	2017-2025
Luxembourg	685.9	178.4	Indefinite
France	479.1	138.6	Indefinite
Hungary	158.2	14.3	2020-2025
Other	90.9	15.6	Various
Total	€ 9,453.1	€ 2,356.7	

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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 2010 are no longer subject to examination by tax authorities.

The changes in our unrecognized tax benefits are summarized below:

	2016	2015	2014
	in millions		
Balance at January 1	€ 19.6	€ 21.2	€ 15.4
Additions based on tax positions related to the current year	10.1	1.0	3.6
Foreign currency translation	(5.4)	0.4	(0.2)
Reductions for tax positions of prior years	(4.4)	—	(1.0)
Lapse of statute of limitations	(1.6)	(2.4)	(1.1)
Additions for tax positions of prior years	0.2	—	4.5
Reductions for tax positions of current year	—	(0.6)	—
Balance at December 31	€ 18.5	€ 19.6	€ 21.2

No assurance can be given that any of these tax benefits will be recognized or realized.

As of December 31, 2016, our unrecognized tax benefits included €12.5 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 and other factors.

No assurance can be given as to the nature or impact of any changes in our unrecognized tax positions during 2017.

(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, 2016 and 2015, 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

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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.

Distributions

As further described in note 11, we converted certain related-party receivables to equity during 2015 in connection with the Ziggo Services Transfer and the Corporate Entities Transfer, resulting in an aggregate non-cash capital distribution of €230.9 million. During 2014, we made (i) a non-cash capital distribution of €733.9 million to Liberty Global Services II in connection with the Corporate Entities Transfer and (ii) a capital distribution of €325.6 million to VTR (as defined and described in note 11), which was used to acquire a loan receivable from VTR to our subsidiary, UPC Broadband France SAS, and pay related accrued interest.

Contributions

As further described in note 11, we recorded (i) charges from another subsidiary of Liberty Global during 2016 and 2015 of €27.3 million and €33.3 million, respectively, related to the contribution of technology-related services, which are reflected as deemed contributions in our statements of owners' deficit, and (ii) non-cash contributions from other subsidiaries of Liberty Global during 2015 of (a) an aggregate €953.4 million and (b) €689.2 million in connection with the Ziggo Services Transfer.

(11) Related-party Transactions

Our related-party transactions are as follows:

	Year ended December 31,		
	2016	2015	2014
	in millions		
Credits (charges) included in:			
Revenue	€ 1.8	€ 2.3	€ 2.7
Programming and other direct costs of services	(9.4)	(9.9)	(9.5)
Other operating expenses	(1.4)	(5.4)	(7.6)
SG&A expenses	3.4	5.9	4.4
Allocated share-based compensation expense	(17.0)	(12.1)	(5.4)
Fees and allocations, net:			
Operating and SG&A related (exclusive of depreciation and share-based compensation)	(116.8)	(114.4)	(103.5)
Depreciation	(87.4)	(62.8)	(54.5)
Share-based compensation	(27.7)	(37.4)	(12.7)
Management fee	(109.1)	(78.5)	(42.5)
Total fees and allocations, net	(341.0)	(293.1)	(213.2)
Included in operating income	(363.6)	(312.3)	(228.6)
Interest expense	(564.7)	(600.1)	(1,060.2)
Interest income	1.8	9.2	185.6
Included in net loss	€ (926.5)	€ (903.2)	€ (1,103.2)
Property and equipment transfers, net	€ (653.1)	€ (474.6)	€ (158.2)

General. Certain Liberty Global subsidiaries 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

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expenses and our related-party fees and allocations generally were based on our company's estimated share of the applicable estimated costs (including personnel-related and other costs associated with the services provided) incurred by the applicable Liberty Global subsidiaries. The estimated amounts charged were reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The revision to reflect the actual costs underlying our related-party fees and allocations for 2013 amounted to an increase of €5.1 million in our billings from a subsidiary of Liberty Global, which was recorded during the first half of 2014. During the third quarter of 2014, Liberty Global and its subsidiaries began basing the fees charged and amounts allocated on actual costs incurred. As a result, during the third quarter of 2014, we recorded a €14.1 million increase to the fees and allocations charged to our company by a subsidiary of Liberty Global to reflect the impact of this change in methodology as of January 1, 2014. The impact of this change in methodology on our related-party operating and SG&A expenses was not material. Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

In connection with the Corporate Entities Transfer, Liberty Global changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another. This methodology, which is intended to ensure that Liberty Global allocates its central and administrative costs to its borrowing groups on a fair and rational basis, impacts the calculation of the "EBITDA" metric specified by our debt agreements (**Covenant EBITDA**). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to our company would decrease (increase). Prior to the Corporate Entities Transfer, UPC Holding charged fees and allocated costs and expenses from our company to other Liberty Global subsidiaries. As a result of the Corporate Entities Transfer, UPC Holding began receiving charges effective January 1, 2015, for fees and allocated costs and expenses from another Liberty Global subsidiary.

Revenue. Amounts primarily relate to B2B related services and network maintenance services provided to certain non-consolidated affiliates, and prior to the January 31, 2014 sale by Liberty Global of substantially all of the assets of Chellomedia B.V. (**Chellomedia**), programming services provided to Chellomedia.

Programming and other direct costs of services. Amounts represent certain cash settled charges from other Liberty Global subsidiaries and affiliates to UPC Holding for programming-related services and interconnect services provided to our company by certain of Liberty Global's affiliates. In addition, the 2014 amount includes charges for programming and digital interactive services provided by Chellomedia until January 31, 2014 of €2.1 million.

Other operating expenses. Amounts represent certain cash settled charges from other Liberty Global subsidiaries to UPC Holding and primarily consist of aggregate recharges for network-related services and other items provided to our company from LG B.V.

SG&A expenses. Amounts represent certain cash settled charges between Liberty Global subsidiaries and UPC Holding, primarily for information technology-related services and software maintenance services.

Allocated share-based compensation expense. Amounts are allocated to our company by Liberty Global subsidiaries and represent share-based compensation expense associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries.

Fees and allocations, net. These amounts represent fees charged to UPC Holding that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal,

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technology and other corporate and administrative services provided to our subsidiaries. The categories of our fees and allocations, net, are as follows:

- *Operating and SG&A (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally loan settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.
- *Depreciation.* The amounts included in this category, which are generally loan settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

During the first three quarters of 2014, a subsidiary of Liberty Global allocated technology-based costs to our company and other Liberty Global subsidiaries based on each subsidiaries' estimated proportionate share of these costs. During the fourth quarter of 2014, the approach used to charge technology based fees was changed to a royalty-based method. For 2016, 2015 and 2014, our proportional share of these technology-based costs of €201.7 million, €178.9 million and €138.5 million, respectively, was €14.0 million, €33.3 million and €97.1 million, respectively, more than the actual amount charged under the royalty-based method. Accordingly, these excess amounts have been reflected as deemed contributions of technology-related services in our consolidated statements of owners' deficit. In addition, we recorded an adjustment during the second quarter of 2016 to reduce the amount charged during 2015 under the royalty-based method. This adjustment resulted in (i) a €17.6 million reduction to the management fee category of fees and allocations and (ii) a €13.3 million decrease to owners' deficit that is reflected as a deemed contribution of technology-related services in our consolidated statement of owners' deficit. The fees charged under the royalty-based method 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 Covenant EBITDA.

Interest expense. Amounts primarily include interest accrued on the Shareholder Loan (as defined and described below). 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.

Interest income. The 2015 and 2014 amounts primarily include interest income related to receivables from certain subsidiaries of Ziggo Services and UPC Ireland and from Liberty Global Operations that, prior to the UPC Transfers, were eliminated in consolidation. These related-party receivables were settled during the first quarter of 2015, as discussed below.

Property and equipment transfers, net. These amounts, which are generally cash settled, represent the net carrying values and net cash received related to (i) customer premises equipment that is centrally procured by a UPC Holding subsidiary and subsequently transferred to other Liberty Global subsidiaries outside of UPC Holding and (ii) used customer premises and network-related equipment acquired from or transferred to other Liberty Global subsidiaries, including LG B.V. During all periods presented, the carrying values of the equipment transferred out of UPC Holding exceed the carrying values of the equipment transferred into UPC

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Holding. The net cash received in connection with these transfers is reflected as a reduction to capital expenditures within our consolidated statements of cash flows. Certain of these transfers relate to third-party purchases of property and equipment initially made by our company under vendor financing arrangements and, accordingly, these purchases are not reported as capital expenditures.

The following table provides details of our related-party balances:

	December 31,	
	2016	2015
	in millions	
Assets:		
Receivables (a)	€ 114.3	€ 137.6
Other long-term assets (b)	€ 421.2	€ 287.0
Liabilities:		
Accounts payable	€ 107.5	€ 98.5
Accrued liabilities	168.0	117.4
Shareholder Loan (c)	5,969.6	5,645.5
UPC Equipment Note (d)	191.8	179.9
Other long-term liabilities (e)	18.3	14.9
Total	€ 6,455.2	€ 6,056.2

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- (a) Primarily represents (i) €12.1 million and €27.5 million, respectively, of receivables from LG B.V. that arose from our retention of certain third-party liabilities of Liberty Global Services II following the Corporate Entities Transfer and (ii) €78.3 million and €70.0 million, respectively, of receivables due from other Liberty Global subsidiaries related to centrally-procured property and equipment purchased by our company on behalf of these other Liberty Global subsidiaries. These receivables are non-interest bearing and may be cash or loan settled.
- (b) Primarily represents (i) €359.1 million and €220.0 million, respectively, of long-term receivables from LG B.V. that arose from our retention of certain third-party liabilities of Liberty Global Services II following the Corporate Entities Transfer and (ii) €61.2 million and €64.0 million (including accrued interest), respectively, related to a note receivable (the **Unitymedia Receivable**) from Unitymedia Hessen to UMI, a subsidiary of Liberty Global that is consolidated by UPC Holding (as further described in (d) below). The Unitymedia Receivable bears interest at EURIBOR plus a margin of 2.75% per annum (subject to adjustment) and matures on December 31, 2025. Accrued interest on the Unitymedia Receivable may be, at the option of UMI, (a) transferred to the loan balance annually on January 1 or (b) repaid on the last day of each month and on the date of principal repayments. During the first quarter of 2015 and in connection with the UPC Transfers, (1) €881.5 million of the outstanding principal under a receivable due from a subsidiary of Ziggo Services (the **Ziggo Services Receivable**) was settled against loans we owed to certain subsidiaries of Ziggo Services and (2) the €634.3 million then-outstanding balance of the UPC Ireland Note Receivable (as defined in (c) below) was transferred to another Liberty Global subsidiary in exchange for a non-cash reduction of the Shareholder Loan (as defined in (c) below). In addition, (I) the remaining outstanding principal and interest of €120.8 million under the Ziggo Services Receivable, (II) a receivable from Liberty Global Operations and (III) a €4.1 million related-party receivable due from Liberty Global Services II were converted to equity during the first quarter of 2015, and the €230.9 million aggregate amount of these related-party receivables is reflected as a non-cash distribution in our consolidated statement of owners' deficit.
- (c) UPC Holding has an unsecured shareholder loan (the **Shareholder Loan**) with Liberty Global Europe Financing B.V. (**LGE Financing**), which, as amended, matures 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

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benefit of creditors or (iv) any marshaling of UPC Holding's assets or liabilities. The interest rate on the Shareholder Loan is a fixed rate of 9.79% and accrued interest is included in other long-term liabilities until it is transferred to the loan balance at the end of each year. The net increase in the Shareholder Loan balance during 2016 includes (a) cash advances of €3,423.8 million, (b) cash payments of €3,349.6 million, (c) additions of €546.5 million in non-cash accrued interest and (d) a €296.6 million non-cash decrease related to the settlement of related-party charges and allocations. The net decrease in the Shareholder Loan balance during 2015 includes (1) a net €5,901.8 million non-cash decrease related to the UPC Transfers, including (I) a decrease of €5,371.8 million related to the non-cash consideration received for the Ziggo Services Transfer, (II) a decrease of €1,087.7 million related to the non-cash consideration received for the UPC Ireland Transfer, (III) a decrease of €634.3 million in exchange for the transfer of our right to receive such amount from UPC Ireland pursuant to a promissory note to another Liberty Global subsidiary (the **UPC Ireland Note Receivable**) in exchange for a non-cash reduction of the Shareholder Loan and (IV) an increase of €1,192.0 million related to the non-cash transfer of an amount payable to another Liberty Global subsidiary into the Shareholder Loan, (2) cash advances of €8,123.9 million, (3) cash payments of €6,788.9 million (€1,363.2 million of which was capitalized interest), (4) additions of €568.7 million in non-cash accrued interest, (5) a decrease of €453.4 million related to the non-cash settlement of a related-party receivable, (6) a €172.5 million non-cash increase representing the then fair value of certain derivative instruments that were novated from us to another subsidiary of Liberty Global and (7) a €171.8 million non-cash increase related to the settlement of related-party charges and allocations. The transferred payable was established through the receipt of cash that was subsequently applied to repay a portion of our third-party debt in connection with the Ziggo Services Transfer. The net increase in the Shareholder Loan balance during 2014 includes (A) cash advances of €4,185.0 million, (B) cash payments of €3,522.4 million (none of which was capitalized interest), (C) a €2,450.0 million non-cash decrease related to the consideration received associated with the extraction of VTR GlobalCom SpA (**VTR Extraction**), (D) a €1,005.3 million non-cash increase related to the repayment of outstanding indebtedness under the then outstanding UPC Facilities R, S and AE (under the UPC Broadband Holding Bank Facility), (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. During 2016, 2015 and 2014, nil, €1,363.2 million and nil of our Shareholder Loan repayments represented payments of interest, respectively.

- (d) Represents borrowings under a loan agreement (the **UPC Equipment Note**) between a subsidiary of Liberty Global and our subsidiary, UPC Equipment B.V. (**UPC Equipment**). The UPC Equipment Note bears interest at 9.29% and matures in March 2032. Accrued and unpaid interest on this note may, at the option of UPC Equipment, be (i) payable on the last day of each month and on the date of each full or partial repayment of the outstanding principal, (ii) added to the outstanding principal amount on January 1 of each year or (iii) payable in any other manner as agreed by the respective parties. UPC Equipment and its immediate parent entity (together, the **UPC Leasing Entities**), and UMI were formed for the purpose of acquiring and legally owning certain customer premises equipment assets to be leased to certain of our other subsidiaries. Prior to the Ziggo Services Transfer, the leasing transactions between (a) UMI and the UPC Leasing Entities and (b) Ziggo Services and, to a much lesser extent, certain of our other subsidiaries, created variable interests in UMI for which Ziggo Services was the primary beneficiary. As such, Ziggo Services and UPC Holding were required to consolidate UMI through December 31, 2014. During the first quarter of 2015, we completed the Ziggo Services Transfer and unwound the leasing transactions between (1) Ziggo Services and (2) UMI and the UPC Leasing Entities. As a result of the completion of the Ziggo Services Transfer, our financial statements no longer include Ziggo Services and UMI for periods prior to January 1, 2015. Beginning with the first quarter of 2015, the remaining leasing transactions between UMI, the UPC Leasing Entities and certain of our other subsidiaries create a variable interest in UMI for which we are the primary beneficiary and, accordingly, UPC Holding is required to consolidate UMI effective January 1, 2015. Upon consolidation of the UPC Leasing Entities, we recognized an initial loan balance of €78.6 million. The increase in the aggregate balance of the UPC Equipment Note during 2016 includes (I) the transfer of €14.9 million in non-cash accrued interest to the loan balance, (II) cash payments of €3.1 million and (III) cash advances of €0.1 million. The increase in the aggregate balance of the UPC Equipment Note during 2015 includes (A) cash advances of €184.7 million, (B) cash payments of €89.1 million and (C) the transfer of €5.7 million in non-cash accrued interest to the loan balance.

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- (e) Primarily includes accrued interest on the UPC Equipment Note. Accrued interest on the Shareholder Loan is included in other long-term liabilities until it is transferred to the loan balance at the end of each year.

During the first quarter of 2015 and in connection with the UPC Transfers, (i) the €953.4 million then-outstanding balance of certain related-party debt that we owed to certain subsidiaries of Ziggo Services was converted to equity and is reflected as a non-cash contribution in our consolidated statement of owners' deficit and (ii) the €881.5 million then-outstanding balance of certain related-party debt that we owed to a subsidiary of Ziggo Services was settled against a portion of the Ziggo Services Receivable, as described above. In addition, in February 2015, we rolled €689.2 million of our commitments under UPC Facility AG of the UPC Broadband Holding Bank Facility to a subsidiary of Ziggo Services in connection with the Ziggo Services Transfer. This transaction is reflected as a non-cash contribution in our consolidated statement of owners' deficit.

During 2016, 2015 and 2014, we recorded aggregate capital charges of €8.1 million, €10.1 million and €5.4 million, respectively, in our consolidated statements of owners' deficit in connection with the exercise of Liberty Global SARs and the vesting of Liberty Global RSUs and PSUs held by employees of our subsidiaries. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the capital charge does not exceed the amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

LG B.V. leases certain property and equipment on our behalf and then contributes it to our company. During 2016, 2015 and 2014, LG B.V.'s carrying values in such contributed property and equipment of €17.3 million, €16.0 million and €18.6 million, respectively, have been reflected as decreases to parent's deficit in our consolidated statements of owners' deficit.

(12) Defined Benefit Plans

Certain of our subsidiaries maintain various funded and unfunded defined benefit plans for their employees. The table below provides summary information on our defined benefit plans:

	Year ended December 31,		
	2016	2015	2014
	in millions		
Projected benefit obligation	€ 308.7	€ 301.6	€ 232.4
Fair value of plan assets (a)	€ 274.1	€ 251.3	€ 213.6
Net liability	€ 34.6	€ 50.3	€ 18.8
Net periodic pension cost (b)	€ 8.0	€ 8.2	€ 6.1

- (a) The fair value of plan assets is based on Level 1 inputs of the fair value hierarchy (as further described in note 6). Our plan assets comprise investments in debt securities, equity securities, real estate contracts and certain other assets.

- (b) The 2015 amount excludes aggregate curtailment gains of €4.6 million, which are included in impairment, restructuring and other operating items, net, in our consolidated statement of operations.

Based on December 31, 2016 exchange rates and information available as of that date, our subsidiaries' contributions to their respective defined benefit plans in 2017 are expected to aggregate €12.5 million.

(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

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adjustments and other. 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 for the periods presented in the table below.

	Parent				Total
	Foreign currency translation adjustments	Pension related adjustments (a)	Accumulated other comprehensive earnings	Non-controlling interests	accumulated other comprehensive earnings
			in millions		
Balance at January 1, 2014	€ 494.3	€ 20.8	€ 515.1	€ 0.4	€ 515.5
Other comprehensive earnings . . .	43.4	(14.7)	28.7	0.4	29.1
Balance at December 31, 2014	537.7	6.1	543.8	0.8	544.6
Other comprehensive earnings . . .	222.6	(31.4)	191.2	—	191.2
Balance at December 31, 2015	760.3	(25.3)	735.0	0.8	735.8
Other comprehensive earnings . . .	19.6	8.9	28.5	—	28.5
Balance at December 31, 2016	€ 779.9	€ (16.4)	€ 763.5	€ 0.8	€ 764.3

- (a) The pension related adjustments included in other comprehensive earnings are net of income tax benefit (expense) of (€2.2 million), €7.8 million and €3.8 million for the years ended December 31, 2016, 2015 and 2014, 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 purchases of customer premises and other equipment and services, non-cancellable operating leases, network and connectivity commitments, programming contracts and other items. The euro equivalents of such commitments as of December 31, 2016 are presented below:

	Payments due during:						
	2017	2018	2019	2020	2021	Thereafter	Total
	in millions						
Purchase commitments	€ 330.0	€ 66.6	€ 41.7	€ 40.8	€ 12.0	€ 55.0	€ 546.1
Programming commitments	80.4	86.2	75.7	79.4	37.3	18.8	377.8
Operating leases	34.0	27.3	24.3	20.1	16.0	77.3	199.0
Network and connectivity commitments	90.7	36.0	19.6	12.8	5.7	12.1	176.9
Other commitments	8.8	7.4	7.0	6.9	6.6	13.2	49.9
Total (a)	€ 543.9	€ 223.5	€ 168.3	€ 160.0	€ 77.6	€ 176.4	€ 1,349.7

- (a) The commitments included in this table do not reflect any liabilities that are included in our December 31, 2016 consolidated balance sheet.

Purchase commitments include unconditional and legally-binding obligations related to (i) the purchase of customer premises and other equipment and (ii) certain service-related commitments, including information technology and maintenance services, including €8.8 million associated with related-party purchase obligations.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our

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subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, our total programming and copyright costs aggregated €295.5 million, €264.8 million and €257.6 million during 2016, 2015 and 2014, respectively.

Network and connectivity commitments include commitments associated with (i) network maintenance commitments, (ii) fiber leasing agreements, (iii) satellite carriage services provided to our company, (iv) certain operating costs associated with our leased networks and (v) commitments associated with our mobile virtual network operator (MVNO) agreements. The amounts reflected in the above 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.

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 2016, 2015 and 2014, see note 5. For information regarding our defined benefit plans, see note 12.

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-cancellable operating lease arrangements amounted to €67.3 million, €60.9 million and €58.4 million during 2016, 2015 and 2014, 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 €1.0 million, €1.0 million and €1.1 million during 2016, 2015 and 2014, respectively.

Guarantees and Other Credit Enhancements

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

Legal and Regulatory Proceedings and Other Contingencies

Financial Transactions Tax. Certain countries in the European Union (E.U.), including Austria and Slovakia, are participating in an enhanced cooperation procedure to introduce a financial transactions tax (the 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 participating countries. Although there continues to be ongoing discussions in the relevant countries around the FTT, uncertainty remains as to if and when the FTT will 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 2018. Any imposition of the FTT could increase banking fees and introduce taxes on

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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.

Hungary VAT Matter. In February 2016, our DTH operations in Luxembourg received a second instance decision from the Hungarian tax authorities as a result of an audit with respect to VAT payments that the Hungarian tax authorities conducted for the years 2010 through 2012. The Hungarian tax authorities assessed our DTH operations with an obligation to pay VAT for the years audited of HUF 5,413.2 million (€17.5 million), excluding interest and penalties, which could be significant. We believe that our DTH operations have operated in compliance with all applicable rules, regulations and interpretations thereof, including a binding tax ruling that we received from the Hungarian government in 2010. In October 2016, a Budapest court disagreed with the tax authorities and dismissed the assessment. On February 2, 2017, the Hungarian tax authorities appealed the Budapest court decision to the Hungarian Supreme Court. No portion of this exposure has been accrued by us as the likelihood of loss is not considered to be probable.

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 E.U. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming, copyright and channel carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(15) Segment Reporting

We generally identify our reportable segments as those consolidated subsidiaries that represent 10% or more of our revenue, Segment OCF (as defined below) or total assets. In certain cases, we may elect to include an operating segment in our segment disclosure that does not meet the above-described criteria for a reportable segment. We evaluate performance and make decisions about allocating resources to our operating segments based on financial measures such as revenue and Segment OCF. In addition, we review non-financial measures such as subscriber growth, as appropriate.

Segment OCF is the primary measure used by our chief operating decision maker to evaluate segment operating performance. Segment OCF 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, “**Segment OCF**” is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, 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. Our internal decision makers believe Segment OCF is a meaningful measure because it represents a transparent view of our recurring operating performance that is

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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. A reconciliation of total Segment OCF to our loss before income taxes is presented below.

As of December 31, 2016, our reportable segments are as follows:

- Switzerland/Austria
- Central and Eastern Europe

Our reportable segments derive their revenue primarily from broadband communications services, including video, broadband internet and fixed-line telephony services. Each of our reportable segments also provides B2B and mobile services. At December 31, 2016, we provided broadband communications services in seven 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.

Performance Measures of Our Reportable Segments

	Year ended December 31,					
	2016		2015		2014	
	Revenue	Segment OCF	Revenue	Segment OCF	Revenue	Segment OCF
	in millions					
Switzerland/Austria	€ 1,586.4	€ 966.7	€ 1,584.1	€ 937.2	€ 1,390.0	€ 794.8
Central and Eastern Europe	983.4	426.5	960.7	427.1	947.8	438.4
Other	—	(1.7)	—	(1.5)	—	(0.9)
Total	€ 2,569.8	€ 1,391.5	€ 2,544.8	€ 1,362.8	€ 2,337.8	€ 1,232.3

The following table provides a reconciliation of total Segment OCF to loss before income taxes:

	Year ended December 31,		
	2016	2015	2014
	in millions		
Total Segment OCF	€ 1,391.5	€ 1,362.8	€ 1,232.3
Share-based compensation expense	(17.0)	(12.1)	(5.4)
Related-party fees and allocations, net	(341.0)	(293.1)	(213.2)
Depreciation and amortization	(548.4)	(572.1)	(524.9)
Impairment, restructuring and other operating items, net	(5.3)	(5.0)	3.3
Operating income	479.8	480.5	492.1
Interest expense:			
Third-party	(336.3)	(367.6)	(508.0)
Related-party	(564.7)	(600.1)	(1,060.2)
Interest income	2.7	10.6	186.3
Realized and unrealized gains (losses) on derivative instruments, net	(28.9)	(42.3)	103.1
Foreign currency transaction losses, net	(117.8)	(216.0)	(437.1)
Losses on debt modification and extinguishment, net	(70.3)	(183.9)	(42.0)
Other income (expense), net	13.5	3.5	(3.3)
Loss before income taxes	€ (622.0)	€ (915.3)	€ (1,269.1)

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Balance Sheet Data of our Reportable Segments

Selected balance sheet data of our reportable segments is set forth below:

	Long-lived assets		Total assets	
	December 31,		December 31,	
	2016	2015	2016	2015
	in millions			
Switzerland/Austria	€ 4,792.1	€ 4,700.9	€ 5,139.0	€ 5,006.0
Central and Eastern Europe	2,145.1	2,087.3	2,219.3	2,149.8
Other	20.9	5.5	1,252.1	1,189.1
Total	€ 6,958.1	€ 6,793.7	€ 8,610.4	€ 8,344.9

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.

	Year ended December 31,		
	2016	2015	2014
	in millions		
Switzerland/Austria	€ 334.6	€ 285.1	€ 246.8
Central and Eastern Europe	299.6	250.7	201.4
Total segment property and equipment additions	634.2	535.8	448.2
Other (a)	16.5	(14.5)	2.0
Total property and equipment additions	650.7	521.3	450.2
Assets acquired under capital-related vendor financing arrangements	(640.0)	(517.8)	(313.1)
Assets contributed by parent company	(17.3)	(16.0)	(18.6)
Assets acquired under capital leases	(12.2)	(1.0)	(0.9)
Changes in current liabilities related to capital expenditures (including related-party amounts)	193.8	153.2	137.4
Total capital expenditures	€ 175.0	€ 139.7	€ 255.0

- (a) Primarily relates to inventory build-up of centrally-procured customer premises equipment. This equipment is ultimately transferred to certain of Liberty Global's European operating subsidiaries, including subsidiaries within UPC Holding. See note 11.

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Revenue by Major Category

Our revenue by major category is set forth below:

	Year ended December 31,		
	2016	2015	2014
	in millions		
Subscription revenue (a):			
Video	€ 1,202.1	€ 1,200.7	€ 1,123.3
Broadband internet	752.3	742.2	666.4
Fixed-line telephony	220.2	238.6	235.9
Cable subscription revenue	2,174.6	2,181.5	2,025.6
Mobile (b)	30.7	12.4	1.8
Total subscription revenue	2,205.3	2,193.9	2,027.4
B2B revenue (c)	225.0	218.6	193.4
Other revenue (b) (d)	139.5	132.3	117.0
Total	€ 2,569.8	€ 2,544.8	€ 2,337.8

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- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) Mobile subscription revenue excludes mobile interconnect revenue of €5.0 million, €1.7 million and €0.1 million during 2016, 2015 and 2014, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.
- (c) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small or home office (SOHO) subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in subscription revenue, aggregated €58.0 million, €49.5 million and €40.6 million during 2016, 2015 and 2014, respectively.
- (d) Other revenue includes, among other items, installation, channel carriage fee, late fee, mobile handset sales and interconnect revenue.

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Geographic Segments

The revenue of our geographic segments is set forth below:

	Year ended December 31,		
	2016	2015	2014
	in millions		
Switzerland	€ 1,244.6	€ 1,252.5	€ 1,065.1
Poland	353.7	360.0	353.5
Austria	341.8	331.6	324.9
Hungary	250.5	236.4	233.5
The Czech Republic	164.4	160.5	166.3
Romania	153.5	142.4	130.6
Slovakia	53.2	54.1	56.0
Other	8.1	7.3	7.9
Total	€ 2,569.8	€ 2,544.8	€ 2,337.8

The long-lived assets of our geographic segments are set forth below:

	December 31,	
	2016	2015
	in millions	
Switzerland	€ 3,846.8	€ 3,789.5
Austria	945.3	911.4
Poland	797.2	822.1
The Czech Republic	501.7	492.2
Hungary	492.5	455.0
Romania	205.3	178.5
Slovakia	103.9	95.0
Other (a)	65.4	50.0
Total	€ 6,958.1	€ 6,793.7

-
- (a) Includes amounts related to (i) the long-lived assets of UPC DTH and (ii) our inventory of centrally-procured customer premises equipment. This centrally-procured customer premises equipment is ultimately transferred to certain of Liberty Global's European operating subsidiaries, including subsidiaries within UPC Holding. See note 11.

(16) Subsequent Event

UPC Holding Refinancing Transaction

In February 2017, UPC Financing entered into a new \$2,150.0 million (€2,038.4 million) term loan facility (**UPC Facility AP**). UPC Facility AP was issued at 99.75% of par, matures on April 15, 2025, bears interest at a rate of LIBOR + 2.75% and is subject to a LIBOR floor of 0.0%. The net proceeds from UPC Facility AP, in conjunction with existing cash, were used to repay in full the outstanding principal amount under UPC Facility AN.

ANNEX A SENIOR SECURED CREDIT FACILITY AGREEMENT

SENIOR SECURED CREDIT FACILITY AGREEMENT

Dated 16th January 2004 as amended and restated pursuant to a
Deed of Amendment and Restatement dated 19 December
2016

for

UPC BROADBAND HOLDING B.V.
as Borrower

with

THE BANK OF NOVA SCOTIA
acting as Facility Agent

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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, 9 June 2009 and 15 October 2013, and as further amended and restated on 9 February 2016 and on 19 December 2016.

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) **CERTAIN FINANCE INSTITUTIONS** as Lenders as defined herein;
- (4) **THE BANK OF NOVA SCOTIA** as facility agent (the “**Facility Agent**”); and
- (5) **THE BANK OF NOVA SCOTIA** as security agent for the Finance Parties (in this capacity, the “**Security Agent**”).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

In this Agreement:

“**1934 Act**” has the meaning given to such term in Clause 19.2 (*Financial information*).

“**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.

“**2016 First Amendment Effective Date**” means the Amendment Effective Date as defined in the Deed of Amendment and Restatement dated 9 February 2016 between (among others), UPC Broadband and the Facility Agent.

“**2016 First Amendment Effective Date Lender**” means each Initial Additional Facility Lender which had Commitments outstanding as at the 2016 First Amendment Effective Date.

“**2016 ICA Amendment Effective Date**” means the first date on which the Intercreditor Agreement is amended as contemplated under paragraph (a) of the definition of Intercreditor Agreement.

“**2016 Second Amendment Effective Date**” means the Amendment Effective Date as defined in the Deed of Amendment and Restatement dated 19 December 2016 between (among others), UPC Broadband and the Facility Agent.

“**80% Security Test**” means the requirement that:

- (a) the value of the aggregate EBITDA of:
 - (i) the Guarantors as of the Effective Date (other than UPC Broadband, 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 (as calculated by reference to the relevant financial statements most recently provided under Clause 19.2(a)(i) or 19.2(a)(ii) (*Financial information*)); and
 - (ii) 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 19.2(a)(i) or 19.2(a)(ii) (*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 29.8(a)(v) (*Additional Obligors*) in respect of each Additional Guarantor),

is equal to or greater than 80 per cent. of the Borrower Group's consolidated EBITDA (as calculated by reference to the relevant financial statements most recently provided under Clause 19.2(a)(i) or 19.2(a)(ii) (*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); and

- (b) the Guarantors have granted Security, or procured the granting of Security:
 - (i) prior to the Asset Security Release Date, pursuant to the documents listed in Part 2 of Schedule 2 (*Condition Precedent Documents*); and
 - (ii) on or after the Asset Security Release Date, pursuant to the Security Documents over:
 - (A) all of the shares in the Obligors held by any member of the Borrower Group or any Obligor; and
 - (B) all of the rights of the relevant creditors in relation to Subordinated Shareholder Loans; and
 - (C) Security over loans made by any Obligor to any other member of the Borrower Group.

"Acceleration Date" means the date on which a written notice has been served under Clause 21.19 (*Acceleration*).

"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 BBB+ or higher by Standard & Poor's or Fitch or Baal or higher by Moody's or a comparable rating from an internationally recognised credit rating agency; or
- (b) any other bank or financial institution approved by the Facility Agent (in consultation with UPC Broadband).

"Accounting Period" in relation to any person means any period of approximately three months or one year, as the context requires, 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 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 the Relevant Accounting Principles;
- (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 19.15(q) (*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 the Relevant Accounting Principles, expressed in Euros, if required, using the Agent's Spot Rate of Exchange on the date of completion of the Acquisition.

"Act" means the Companies Act 2006 (as amended).

"Additional Borrower" means a member of the Borrower Group (including, without limitation, any Permitted Affiliate Parent) which becomes an Additional Borrower in accordance with Clause 29.8 (*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” has the meaning given to such term in Clause 2.3(d) (*Additional Facilities*) and **“Additional Facilities”** means all or any such Additional Facilities.

“Additional Facility Accession Agreement” means a deed in the form of Part 4 of Schedule 4 (*Forms of Accession Documents*), with such amendments as may be agreed between UPC Broadband and the relevant Lender or Lenders under the proposed Additional Facility.

“Additional Facility Availability Period” means, in relation to an Additional Facility, the period specified in the Additional Facility Accession Agreement for that Additional Facility.

“Additional Facilities Cap” has the meaning given to such term in Clause 2.3(g) (*Additional Facilities*).

“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 or assumed by it under this Agreement; and
- (b) any other Lender, the amount in Euros, US Dollars or relevant Additional Currency (as applicable) transferred to it or assumed by 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) any member of the Borrower Group (including, without limitation, any Permitted Affiliate Parent);
- (b) UPC Broadband Holdco (other than UPC Holding);
- (c) any Permitted Affiliate Holdco; and
- (d) any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt,

which in each case becomes an Additional Guarantor in accordance with Clause 29.8 (*Additional Obligors*).

“Additional Obligor” means an Additional Borrower or an Additional Guarantor.

“Advance” means an advance made to a Borrower under an Additional Facility (but excluding for the purposes of this definition, any utilisation of an Additional Facility by way of an Ancillary Facility or a Documentary Credit) as from time to time reduced by repayment or prepayment.

“Affected Documentary Credit” has the meaning given to such term in Clause 16.2 (*Illegality in Relation to an L/C Bank*).

“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 11.00a.m. on a particular day.

“All3Media Intercreditor Agreement” means the intercreditor agreement originally dated 28 September 2006 between, among others, The Royal Bank of Scotland plc as Senior Agent and Security Agent and All3Media Capital Limited, All3Media Intermediate Limited and All3Media Finance Limited as Effective Date Debtors.

“Alternative Reference Banks” means the principal London offices of such banks as may be appointed by the Facility Agent with the consent of UPC Broadband.

“Alternative Reference Bank Rate” means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request by the Alternative Reference Banks:

(a) in relation to LIBOR:

- (i) (other than where paragraph (ii) below applies) as the rate at which the relevant Alternative Reference Bank could borrow funds in the London interbank market in the relevant currency and for the relevant period were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period; or
- (ii) if different, as the rate (if any and applied to the relevant Alternative Reference Bank and the relevant currency and period) which contributors to the applicable Screen Rate are asked to submit to the relevant administrator; or

(b) in relation to EURIBOR:

- (i) (other than where paragraph (ii) below applies) as the rate at which the relevant Alternative Reference Bank believes one prime bank is quoting to another prime bank for interbank term deposits in Euro within the Participating Member States for the relevant period; or
- (ii) if different, as the rate (if any and applied to the relevant Alternative Reference Bank and the relevant period) which contributors to the applicable Screen Rate are asked to submit to the relevant administrator.

“Amendment Agreement” means the agreement dated on or around 24 June 2004 between UPC Broadband, the Guarantors as at the date thereof, the Facility Agent and the Security Agent, pursuant to which this Agreement was amended.

“Ancillary Facility” means any:

- (a) overdraft, automated payment, cheque drawing or other current account facility;
- (b) forward foreign exchange facility;
- (c) derivatives facility;
- (d) a short term loan facility;
- (e) guarantee, bond issuance, documentary or stand-by letter of credit facility;
- (f) performance bond facility; and/or
- (g) such other facility or financial accommodation as may be required in connection with the Business of the Borrower Group and which is agreed in writing between the relevant Borrower and the relevant Ancillary Facility Lender.

“Ancillary Facility Commitment” means, in relation to an Ancillary Facility Lender at any time, and save as otherwise provided in this Agreement, the maximum Euro Amount to be made available under an Ancillary Facility granted by it, to the extent not cancelled or reduced or transferred pursuant to the terms of such Ancillary Facility or under this Agreement.

“Ancillary Facility Documents” means the documents and other instruments pursuant to which an Ancillary Facility is made available and the Ancillary Facility Outstandings under it are evidenced.

“Ancillary Facilities Effective Date” has the meaning given to such term in Clause 7.1(a) (*Utilisation of Ancillary Facilities*).

“Ancillary Facility Lender” means any Lender which has notified the Facility Agent that it has agreed to its nomination in a Conversion Notice to be an Ancillary Facility Lender in respect of an Ancillary Facility granted pursuant to the terms of this Agreement.

“Ancillary Facility Outstandings” means (without double counting), at any time with respect to an Ancillary Facility Lender and each Ancillary Facility provided by it, the aggregate of:

- (a) all amounts of principal then outstanding under any overdraft, automated payment, cheque drawing or other current account facility (determined in accordance with the applicable terms) as at such time (net of any Available Credit Balance); and
- (b) in respect of any other facility or financial accommodation, such other amount as fairly represents the aggregate potential exposure of that Ancillary Facility Lender with respect to it under its Ancillary Facility, as reasonably determined by that Ancillary Facility Lender from time to time in accordance with its usual banking practices for facilities or accommodation of the relevant type (including without limitation, the calculation of exposure under any derivatives facility by reference to the mark-to-market valuation of such transaction at the relevant time).

“Ancillary Facility Termination Date” has the meaning given to such term in Clause 7.1(g) (*Ancillary Facilities*).

“Annualised EBITDA” has the meaning given to such term in Clause 20.1 (*Financial definitions*).

“Anti-Terrorism Law” means each of:

- (a) Executive Order No. 13224 on Terrorist Financing—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (issued 23 September 2001, as amended by Order 13268 (as so amended, the **“Executive Order”**));
- (b) the Patriot Act;
- (c) the Money Laundering Control Act of 1986 18 U.S.C, section 1956; and
- (d) any updates or replacements to the laws listed above in paragraphs (a) to (c) which are 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 (a) 8 per cent. of its issued share capital, in the case of any entity which was a Subsidiary of UPC Central Europe Holding B.V. prior to the date on which UPC Central Europe Holding B.V. was merged into UPC Broadband (provided that the aggregate amount of such options, warrants, rights to purchase or other equivalents issued by such Subsidiaries does not exceed 8 per cent. of the issued share capital of each such Subsidiary) and (b) 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.

“Asset Passthrough” means a series of transactions between the Borrower Holdco, one or more members of the Borrower Group and an Asset Transferring Party where:

- (a) in the case of an asset being transferred by the Borrower Holdco to the Asset Transferring Party that asset:
 - (i) is first transferred by the Borrower Holdco to a member of the Borrower Group; and
 - (ii) may then be transferred between various members of the Borrower Group, and is finally transferred (insofar as such transaction relates to the Borrower Group) to an Asset Transferring Party; or
- (b) in the case of an asset being transferred by an Asset Transferring Party to the Borrower Holdco, that asset:
 - (i) is first transferred by that Asset Transferring Party to a member of the Borrower Group; and
 - (ii) may then be transferred between various members of the Borrower Group, and is finally transferred (insofar as such transaction relates to the Borrower Group) to the Borrower Holdco,

and where the purpose of each such asset transfer is, in the case of an Asset Passthrough of the type described in paragraph (a) above, to enable the Borrower Holdco to indirectly transfer assets (other than cash) to that Asset Transferring Party and, in the case of an Asset Passthrough of the type described in paragraph (b) above, is to enable an Asset Transferring Party to indirectly transfer assets (other than cash) to the Borrower Holdco, in either case, by way of transfers of those assets to and from (and, if necessary, between) one or more members of the Borrower Group in such a manner as to be neutral to the Borrower Group taken as a whole **provided that:**

- (i) the consideration payable (if any) by the first member of the Borrower Group to acquire such assets comprises either (i) cash funded or to be funded directly or indirectly by a payment from (in the case of an Asset Passthrough of the type described in paragraph (a) above) the Asset Transferring Party and (in the case of an Asset Passthrough of the type described in paragraph (b) above) the Borrower Holdco, in either case, in connection with that series of transactions or (ii) Subordinated Shareholder Loans or (iii) the issue of one or more securities;
- (ii) the consideration payable by (in the case of an Asset Passthrough of the type described in paragraph (a) above) the Asset Transferring Party is equal to the consideration received or receivable by the Borrower Holdco and (in the case of an Asset Passthrough of the type described

in paragraph (b) above) by the Borrower Holdco is equal to the consideration received or receivable by the Asset Transferring Party (and for this purpose, a security issued by one company shall constitute equal consideration to a security issued by another company where such securities have been issued on substantially the same terms and subject to the same conditions);

- (iii) all of the transactions comprising such a series of transactions (from and including the transfer of the assets by the Borrower Holdco to and including the acquisition of those assets by the Asset Transferring Party or *vice versa*) are completed within two Business Days; and
- (iv) upon completion of all of the transactions comprising such a series of transactions, no person (other than another member of the Borrower Group) has any recourse to any member of the Borrower Group and no member of the Borrower Group which is not an Obligor may have any recourse to an Obligor, in each case in relation to such a series of transactions (other than in respect of (i) the Subordinated Shareholder Loans or any rights and obligations under the securities, in each case, mentioned in sub-paragraph (i) above and (ii) covenants as to title provided, in the case of an Asset Passthrough of the type described in paragraph (a) above, in favour of the Asset Transferring Party on the same terms as such covenants were provided by the Borrower Holdco in respect of the relevant assets and, in the case of an Asset Passthrough of the type described in paragraph (b) above, in favour of the Borrower Holdco on the same terms as such covenants were provided by the Asset Transferring Party in respect of the relevant assets).

“Asset Securitisation Subsidiary” means any Subsidiary of UPC Broadband or any Subsidiary of any other member of the Borrower Group (including, without limitation, any Subsidiary of any Permitted Affiliate Parent), as applicable engaged solely in the business of effecting or facilitating any asset securitisation programme or programmes or one or more receivables factoring transactions.

“Asset Security Release Date” means the date on which the Security (other than any Security referred to in paragraph (b)(ii) of the definition of **“80% Security Test”** and any Security provided over any account in connection with a Borrower providing cash cover for a Documentary Credit or an Ancillary Facility pursuant to Clause 6.9(a) (*Cash Cover by Borrower*) and Clause 1.2(a)(iv) (*Construction*)) is released in accordance with Clause 19.29 (*Asset Security Release*).

“Asset Transferring Party” means the member of the Wider Group (or any person in which a member of the Borrower Group owns an interest but which is not a member of the Wider Group), other than a member of the Borrower Group (except where the asset being transferred is a security where such member of the Wider Group may be a member of the Borrower Group), who is the initial transferor or final transferee in respect of a transfer to or from the Borrower Holdco, as the case may be, through one or more members 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.

“Available Additional Facility Commitment” means, in relation to a Lender and an Additional Facility, at any time and save as otherwise provided in this Agreement, its Additional Facility Commitment in relation to that Additional Facility at such time less the Euro Amount of its share of the Utilisations made under that Additional Facility, adjusted to take account of:

- (a) any cancellation or reduction of, or any transfer by such Lender or any transfer to it of, any Additional Facility Commitment in relation to that Additional Facility, in each case, pursuant to the terms of this Agreement; and
- (b) in the case of any proposed Utilisation, the Euro Amount of its share of (i) any Utilisation under an Additional Facility which pursuant to any other Request is to be made, or as the case may be, issued under the Additional Facility, and (ii) any Utilisation in respect of any Revolving Facility under that Additional Facility which is due to be repaid or expire (as the case may be), in each case, on or before the proposed Utilisation Date,

provided always that such amount shall not be less than zero.

“Available Ancillary Facility Commitment” means, in relation to an Ancillary Facility Lender and an Ancillary Facility granted by it at any time, and save as otherwise provided in this Agreement or in the applicable Ancillary Facility Documents, its Ancillary Facility Commitment at such time, less the Euro Amount of the relevant Ancillary Facility Outstandings at such time, provided always that such amount shall not be less than zero.

“Available Commitment” means, in relation to a Lender, the aggregate amount of its Available Additional Facility Commitments and its Available Ancillary Facility Commitments, or, in the context of a particular Facility, its Available Additional Facility Commitments or its Available Ancillary Facility Commitments, as the context may require.

“Available Credit Balance” means, in relation to an Ancillary Facility, credit balances on any account of any Borrower of that Ancillary Facility with the Ancillary Facility Lender making available that Ancillary Facility to the extent that those credit balances are freely available to be set off by that Ancillary Facility Lender against liabilities owed to it by that Borrower under that Ancillary Facility.

“Available Facility” means, in relation to a Facility, at any time, the aggregate amount of the Available Commitments in respect of that Facility at that time.

“Bank Levy” means the bank levy which is imposed (i) under section 73 of, and schedule 19 to, the Finance Act 2011 (the **“UK Bank Levy”**), (ii) the Dutch *bankenbelasting* as set out in the Dutch bank levy act (*Wet bankenbelasting*), (iii) the German bank levy as set out in the German Restructuring Fund Act 2010 (*Gesetz zur Errichtung eines Restrukturierungsfonds für Kreditinstitute*) (as amended) and (iv) any levy or Tax of an equivalent nature imposed in any jurisdiction in a similar context or for a similar reason to that in and/or which the UK Bank Levy has been imposed by reference to the equity and liability of a financial institution or other person carrying out financial transactions.

“Basel II” has the meaning given to such term in Clause 15.3(a)(iii) (*Exceptions*).

“Beneficiaries” has the meaning given to such term in the Intercreditor Agreement.

“Borrower” means UPC Broadband and any Additional Borrower.

“Borrower Group” means:

- (a) UPC Broadband and any Permitted Affiliate Parent and each of their direct and indirect Subsidiaries from time to time other than the Borrower Group Excluded Subsidiaries; and
- (b) UPC Financing.

“Borrower Group Excluded Subsidiary” means:

- (a) any Subsidiary of UPC Broadband or any Subsidiary of any Permitted Affiliate Parent which is a Dormant Subsidiary and which is not a Guarantor;
- (b) any Unrestricted Subsidiary;
- (c) any Subsidiary of UPC Broadband or any Subsidiary of any Permitted Affiliate Parent which is a Project Company;
- (d) any Asset Securitisation Subsidiary; and
- (e) any company which becomes a Subsidiary of UPC Broadband or a Subsidiary of any Permitted Affiliate Parent pursuant to an Asset Passthrough,

provided that any Borrower Group Excluded Subsidiary may, at the election of UPC Broadband and upon not less than 10 Business Days prior written notice to the Facility Agent, cease to be a Borrower Group Excluded Subsidiary and become a member of the Borrower Group.

“Borrower Group Reconciliation” means an unaudited schedule to any relevant financial statements of the Reporting Entity demonstrating the necessary adjustments made to the financial statements of the Reporting Entity to derive financial information applicable to the Borrower Group prepared in accordance with the Relevant Accounting Principles.

“Borrower Holdco” means a direct Holding Company of a member of the Borrower Group which is not a member of the Borrower Group.

“Break Costs” means:

- (a) the amount (if any) by which:
 - (i) the amount of interest (excluding the Margin) 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:

- (ii) the amount of interest which that Lender would be able to obtain by placing an amount equal to the principal amount of such Advance or Unpaid Sum received or recovered 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; or
- (b) for the purposes of Clause 10.9(a) (*Miscellaneous Provisions*), the loss suffered by any Lender as a result of having to unwind any funding contract for reinvestment of proceeds which it had entered into or initiated upon receipt of the notice of prepayment and/or cancellation referred to in Clause 10.9(a) (*Miscellaneous Provisions*).

“Business” means:

- (a) 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);
- (b) the provision, creation, distribution and broadcasting of Content;
- (c) any business that comprises being a Holding Company of one or more persons engaged in any business referred to in paragraphs (a), (b) and (d) of this definition; and
- (d) any business or provision of services substantially the same or similar to that of any member of the Wider Group on the 2016 First Amendment Effective Date,

and any related ancillary or complementary business to any of the services described above 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 or an Optional Currency (other than Euros or US Dollars), the principal financial centre of the country of that currency;
- (b) in relation to a Quotation Date or a payment date for Euros, a TARGET Day.

“Business Division Transaction” means any sale, transfer, demerger, contribution, spin off or distribution of, any creation or participation in any joint venture and/or entering into any other transaction or taking any action with respect to, in each case, any assets, undertakings and/or businesses of the Borrower Group which comprise all or part of any business division (or its predecessors or successors), to or with any other entity or person, whether or not within the Borrower Group, in each case, where such transaction has the prior approval of the Majority Lenders.

“Cancellation Notice” means a notice of cancellation and/or prepayment substantially in the form of Part 2 of Schedule 3 (*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 the Relevant Accounting Principles.

“Cash” means, at any time, without double counting:

- (a) all Cash Equivalent Investments; and
- (b) cash (in cleared balances) denominated in Euro (or any other currency freely convertible into Euro) and credited to an account in the name of a member of the Borrower Group, a member of the UGCE Borrower Group, UPC Holding or any other issuer of Holdco Debt (as applicable) with an Acceptable Bank and to which such a member of the Borrower Group, a member of the UGCE Borrower Group,

UPC Holding or any other issuer of Holdco Debt (as applicable) is alone (or, in the case of a member of the Borrower Group, together with other members of the Borrower Group) beneficially entitled and for so long as:

- (i) such cash is repayable on demand (including any cash held on time deposit which is capable of being broken and the balance received within two Business Days of notice provided that any such cash shall only be taken into account net of any penalties or costs which would be incurred in breaking the relevant time deposit); or
- (ii) such cash has been deposited with an Acceptable Bank as security for any performance bond, guarantee, standby letter of credit or similar facility the contingent liabilities relating to such having been included in the calculation of Senior Net Debt or Total Net Debt (as applicable),
and, in any such case,
 - (A) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Borrower Group, a member of the UGCE Borrower Group, UPC Holding or any other issuer of Holdco Debt (as applicable) or of any other person whatsoever or on the satisfaction of any other condition;
 - (B) there is no encumbrance over that cash except for the Security or any encumbrance constituted by a netting or set-off arrangement entered into by members of the Borrower Group, a member of the UGCE Borrower Group, UPC Holding or any other issuer of Holdco Debt (as applicable) in the ordinary course of their banking arrangements and any Security Interest granted in connection with such banking arrangements; and
 - (C) the cash is freely and (except as mentioned in paragraph (ii) above) immediately available to be applied in repayment or prepayment of the Facilities or Financial Indebtedness of the Borrower Group, a member of the UGCE Borrower Group, UPC Holding or any other issuer of Holdco Debt (as applicable).

“Cash Equivalent Investment” means:

- (a) securities or obligations issued, insured or unconditionally guaranteed by the United States government, the government of the United Kingdom, the relevant member state of the European Union (each, a **“Qualified Country”**) or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof;
- (b) securities or obligations issued by any Qualified Country, or any political subdivision of any such Qualified Country, or any public instrumentality thereof, having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having an investment grade rating generally obtainable from either Standard & Poor’s or Moody’s (or, if at any time neither Standard & Poor’s nor Moody’s shall be rating such obligations, then from another nationally recognised rating service);
- (c) commercial paper issued by any Lender or any bank holding company owning any Lender;
- (d) commercial paper maturing no more than 12 months after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either Standard & Poor’s or Moody’s (or, if at any time neither Standard & Poor’s nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognised rating service);
- (e) time deposits, eurodollar time deposits, bank deposits, certificates of deposit or bankers’ acceptances maturing no more than two years after the date of acquisition thereof issued by any Lender or any other bank or trust company (x) having combined capital and surplus of not less than \$250.0 million in the case of U.S. banks and \$100.0 million (or the U.S. Dollar equivalent thereof) in the case of non-U.S. banks or (y) the long-term debt of which is rated at the time of acquisition thereof at least “A-” or the equivalent thereof by Standard & Poor’s, or “A-” or the equivalent thereof by Moody’s (or if at the time neither is issuing comparable ratings, then a comparable rating of another nationally recognised rating agency);
- (f) auction rate securities rated at least Aa3 by Moody’s and AA- by Standard & Poor’s (or, if at any time either Standard & Poor’s or Moody’s shall not be rating such obligations, an equivalent rating from another nationally recognised rating service);
- (g) repurchase agreements or obligations with a term of not more than 30 days for underlying securities of the types described in clauses (a), (b) and (e) above entered into with any bank meeting the qualifications specified in clause (e) above or securities dealers of recognised national standing;

- (h) marketable short-term money market and similar funds (x) either having assets in excess of \$250.0 million (or U.S. Dollar equivalent thereof) or (y) having a rating of at least A-2 or P-2 from either Standard & Poor's or Moody's (or, if at any time neither Standard & Poor's nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognised rating service in the United States);
- (i) interests in investment companies or money market funds, 95% the investments of which are one or more of the types of assets or instruments described in clauses (a) through (h) above;
- (j) any other debt security approved by the Majority Lenders;
- (k) any other investments used by UPC Broadband, any Permitted Affiliate Parent or any member of the Borrower Group as temporary investments permitted by the Facility Agent in writing in its sole discretion; and
- (l) in the case of investments by UPC Broadband, any Permitted Affiliate Parent or any member of the Borrower Group organised or located in a jurisdiction other than the United States or a member state of the European Union (or any political subdivision or territory thereof), or in the case of investments made in a country outside the United States, other customarily utilised high-quality investments in the country where such member of the Borrower Group is organised or located or in which such investment is made, all as conclusively determined in good faith by UPC Broadband,

in each case to which any member of the Borrower Group, a member of the UGCE Borrower Group, UPC Holding or any other issuer of Holdco Debt is alone (or, in the case of a member of the Borrower Group, 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 Interests 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” means transactions and arrangements entered into by any Obligor with a Hedge Counterparty directly relating to the management of currency exchange risk arising out of income denominated in a currency other than a currency in which the relevant member of the Borrower Group whose currency exchange risk is being managed receives income.

“Change of Control” has the meaning given to such term in Clause 10.4 (*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.

“Common Holding Company” has the meaning given to such term in paragraph (a)(v) of Clause 29.7 (*Permitted Affiliate Group Designation*).

“Composite Revolving Facility Instructing Group” means, at any time, a Lender or Lenders under Maintenance Covenant Revolving Facilities whose aggregate undrawn Revolving Facility Commitments (translated into Euros, where such Revolving 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 relevant Additional Facility Accession Agreement) and participations in outstanding Utilisations (calculated by reference to the Euro Amounts of such Utilisations), in each case, under the Maintenance Covenant Revolving Facilities, exceed 50 per cent. of the total aggregate undrawn Revolving Facility Commitments (translated into Euros, where such Revolving 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 relevant Additional Facility Accession Agreement) and participations in outstanding Utilisations (calculated by reference to the Euro Amounts of such Utilisations), in each case, under all the Maintenance Covenant Revolving Facilities and calculated in accordance with the provisions of Clause 28.5 (*Calculation of Consent*).

“Confidentiality Undertaking” means a confidentiality undertaking substantially in the recommended form of either the LMA or the LSTA or in any other form agreed between UPC Broadband and the Facility Agent.

“Content” means any rights to broadcast, transmit, distribute or otherwise make available for viewing, exhibition or reception (whether in analogue or digital format and whether as a channel or an Internet service, a teletext-type service, an interactive service, or an enhanced television service or any part of any of the foregoing, or on a pay-per-view basis, or near video-on-demand, or video-on-demand basis or otherwise) any one or more of audio and/or visual images, audio content, or interactive content (including hyperlinks, re-purposed web-site content, database content plus associated templates, formatting information and other data including any interactive applications or functionality), text, data, graphics, or other content, by means of any means of distribution, transmission or delivery system or technology (whether now known or herein after invented).

“Content Transaction” means any sale, transfer, demerger, contribution, spin-off or distribution of, any creation or participation in any joint venture and/or entering into any other transaction or taking any action with respect to, in each case, any assets, undertakings and/or businesses of the Borrower Group which comprise all or part of the Content business of the Borrower Group, to or with any other entity or person whether or not within the Borrower Group.

“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.

“Conversion Notice” has the meaning given to such term in paragraph (a) of Clause 7.1 (*Utilisation of Ancillary Facilities*).

“Cost” means the cost estimated in good faith by the relevant member of the Borrower Group to have been incurred or to be received by that member of the Borrower Group in the provision or receipt of the relevant service, facility or arrangement, including, without limitation, a proportion of any material employment, property, information technology, administration, utilities, transport and materials or other costs incurred or received in the provision or receipt of such service, facility or arrangement but excluding costs which are either not material or not directly attributable to the provision or receipt of the relevant service, facility or arrangement.

“Credit Facility Excluded Amount” means the greater of:

- (a) €350,000,000 (or its equivalent in other currencies); and
- (b) 0.25 multiplied by Annualised EBITDA for the most recent Ratio Period.

“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:

- (a) an Event of Default; or
- (b) any event or circumstance specified in Clause 21 (*Default*) which would (with the expiry of a grace period or the giving of notice) be an Event of Default.

“Defaulting Lender” means any Lender (other than a Lender which is or becomes a member of the Wider Group):

- (a) which has failed to make its participation in an Advance available or has notified the Facility Agent that it will not make its participation in an Advance available by the Utilisation Date of that Advance in accordance with Clause 5.4 (*Participations in Advances*) or has failed to provide cash collateral (or has notified an L/C Bank that it will not provide cash collateral) in accordance with Clause 6.8 (*Cash Collateral by Non-Acceptable L/C Lender*);
 - (b) which has otherwise rescinded or repudiated a Finance Document;
 - (c) which is an L/C Bank which has failed to issue a Documentary Credit (or has notified the Facility Agent or UPC Broadband (which has notified the Facility Agent) that it will not issue or re-issue a Documentary Credit) in accordance with Clause 6 (*Documentary Credits*) or which has failed to pay a claim (or has notified the Facility Agent or UPC Broadband (which has notified the Facility Agent) that it will not pay a claim) in accordance with (and as defined in) Clause 6.6 (*Claims under a Documentary Credit*); or
 - (d) with respect to which an Insolvency Event has occurred and is continuing,
- unless, in the case of paragraphs (a) and (c) above:

- (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; andpayment is made within two Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

“Designated Gross Amount” has the meaning given to such term in Clause 7.1(b) (*Utilisation of Ancillary Facilities*).

“Designated Net Amount” has the meaning given to such term in Clause 7.1(b) (*Utilisation of Ancillary Facilities*).

“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.

“Designated Website” has the meaning given to such term in Clause 36.3(a) (*Use of Websites/E-mail*).

“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.

“Disruption Event” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a material disruption (of a technical or systems-related nature) to the treasury or payments operations of a Finance Party preventing that, or any other Finance Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the party whose operations are disrupted.

“Documentary Credit” means a letter of credit, bank guarantee, indemnity, performance bond or other documentary credit issued or to be issued by an L/C Bank pursuant to Clause 5.1 (*Delivery of request*).

“Documentary Credit Beneficiary” means a beneficiary in respect of a Documentary Credit.

“Dormant Subsidiary” means a member of the Borrower Group which does not trade (for itself or as agent for any person) and does not own, legally or beneficially, assets (including, without limitation, indebtedness owed to it) which in aggregate have a value of more than €10,000 (excluding loans existing on the Signing Date owed to it by members of the Borrower Group) or its equivalent in other currencies.

“Dutch Borrower” means a Borrower incorporated in The Netherlands.

“Eastern Europe” means Europe other than Western Europe.

“EBITDA” has the meaning given to such term in Clause 20.1 (*Financial definitions*).

“Effective Date” means the day falling no less than five Business Days after the Signing Date, on which the Facility Agent notified UPC Broadband and the Lenders that it had received written confirmation from the Existing Facility Agents that the conditions precedent referred to in Clause 2(b) of the amendment and restatement agreement dated on or around the Signing Date between, inter alia, UPC Broadband and the Existing Facility Agents amending and restating the Existing Facility Agreement had been either satisfied or waived and that such agreement was effective.

“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 under this Agreement in Euro:

- (a) the applicable Screen Rate as of the Specified Time for Euro and for a period equal in length to the Interest Period of that Advance; or
- (b) as otherwise determined pursuant to Clause 14.1 (*Unavailability of Screen Rate*).

“**Euro Amount**” means at any time:

- (a) in relation to an Advance denominated in Euros, the amount thereof, and in relation to any other Advance, the Euro equivalent (calculated using the Agent’s Spot Rate of Exchange at the relevant time) of the amount specified in the Request (as at the date thereof) for that Advance, in each case, as adjusted, if necessary, in accordance with the terms of this Agreement and to reflect any repayment, consolidation or division of that Advance;
- (b) in relation to a Documentary Credit, (i) if such Documentary Credit is denominated in Euros, the Outstanding L/C Amount in relation to it at such time or (ii) if such Documentary Credit is not denominated in Euros, the Euro equivalent (calculated using the Agent’s Spot Rate of Exchange at the relevant time) of the Outstanding L/C Amount at such time, calculated as at the later of (A) the date which falls two Business Days before its issue date or any renewal date or (B) the date of any revaluation pursuant to Clause 6.4 (*Revaluation of Documentary Credits*);
- (c) in relation to any Ancillary Facility granted by a Lender, the amount of its Additional Facility Commitment converted to provide its Ancillary Facility Commitment as at the time of such conversion; and
- (d) in relation to any Outstandings, the aggregate of the Euro Amounts (calculated in accordance with paragraphs (a), (b) and (c) above) of each outstanding Advance and/or Outstanding L/C Amount, made under the relevant Facility or Facilities (as the case may be) and/or in relation to Ancillary Facility Outstandings, (i) if such Outstandings are denominated in Euro, the aggregate amount of such Outstandings at such time and (ii) if such Outstandings are not denominated in Euro, the Euro equivalent of the aggregate amount of such Outstandings at such time.

“**€**”, “**Euro**” or “**Euros**” means the single currency of the Participating Member States.

“**Event of Default**” means an event specified as such in Clause 21 (*Default*) and, in respect of any reference to such term:

- (a) in connection with Clause 19 (*Undertakings*) (including any defined terms when used in Clause 19 (*Undertakings*)); and
- (b) in connection with any other provision of this Agreement, with respect to any Lender or Lenders under Maintenance Covenant Revolving Facilities only,

shall include a breach of the undertaking set out in Clause 20.2 (*Financial Ratio*) to the extent tested and subject to the expiry of the cure period set out in Clause 20.4 (*Cure Provisions*).

“**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 Intercreditor Deed**” 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.

“**Existing Lender**” has the meaning given to such term in Clause 29.3 (*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 and the high yield hedging banks listed therein 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 Intercreditor Agreement).

“Expiry Date” means, in relation to a Documentary Credit granted under this Agreement, the date stated in it to be its expiry date or the latest date on which demand may be made under it being a date falling on or prior to the Final Maturity Date in respect of the relevant Revolving Facility.

“Facility” means any Additional Facility, any Ancillary Facility or any Documentary Credit facility, as the context may require.

“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.

“Fallback Interest Period” means one month.

“FATCA” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“FATCA Application Date” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interests and certain other sources within the US), 1 July 2014;
- (b) in relation to a “withholdable payment” described at Section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2019; or
- (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) and (b) above, 1 January 2019,

or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the Signing Date.

“FATCA Deduction” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“FATCA Exempt Party” means a Party which is entitled to receive payments free from any deduction on account of FATCA.

“Fee Letter” means (a) 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 23.2 (*Agent’s fees*) and (b) any other letter signed by a Borrower which sets out any of the fees payable under Clause 23 (*Fees*).

“Final Maturity Date” means the date specified as the **“Final Maturity Date”** 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:

- (a) this Agreement;
- (b) a Security Document;
- (c) a Fee Letter;
- (d) an Obligor Accession Agreement;
- (e) a Novation Certificate;
- (f) a Transfer Agreement;
- (g) an Additional Facility Accession Agreement;
- (h) the Existing Intercreditor Deed;
- (i) the Intercreditor Agreement;
- (j) any Ancillary Facility Document;
- (k) any Documentary Credit; and
- (l) any other document designated in writing as such by the Facility Agent and UPC Broadband.

“Finance Lease” means a lease treated as a capital or finance lease pursuant to the Relevant Accounting Principles.

“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) (for the purposes of Clause 21.5 (*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
- (e) guarantees in respect of indebtedness of any person falling within any of paragraphs (a) to (d) 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 paragraphs (a) to (d) above of another member of the Borrower Group),

provided that the following shall not be regarded as Financial Indebtedness:

- (i) indebtedness which has been cash-collateralised to the extent so cash-collateralised;
- (ii) indebtedness which is in the nature of equity (other than redeemable shares) or equity derivatives;
- (iii) any deposits or prepayments received by any member of the Borrower Group from a customer or subscriber for its service and any other deferred or prepaid revenue;
- (iv) obligations under Finance Leases and hire purchase contracts;
- (v) any indebtedness in respect of any transaction or series of transactions that may be entered into by any member of the Borrower Group pursuant to which any member of the Borrower Group may sell,

convey or otherwise transfer to (1) an Asset Securitisation Subsidiary (in the case of a transfer by any member of the Borrower Group) and (2) any other person (in the case of a transfer by an Asset Securitisation Subsidiary), or may grant a security interest in, any receivables (whether now existing or arising in the future) of any member of the Borrower Group, and any assets related thereto including, without limitation, all collateral securing such receivables, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such receivables and other assets which are customarily transferred, or in respect of which security

interests are customarily granted, in connection with asset securitisation involving receivables and any indebtedness in respect of Limited Recourse;

- (vi) any pension obligations and any obligation under employee plans or employment agreements;
- (vii) any obligations to make payments in relation to earn outs;
- (viii) any payments or liabilities for assets acquired or services supplied which are deferred (including, without limitation, any liability under an IRU Contract);
- (ix) any “parallel debt” obligations to the extent such obligations mirror other Financial Indebtedness;
- (x) receivables sold or discounted, whether recourse or non-recourse, including for the avoidance of doubt any indebtedness in respect of an asset securitisation programme or receivables factoring transaction, or its equivalent in each case, and any related credit support and any indebtedness in respect of Limited Recourse;
- (xi) any indebtedness of any member of the Borrower Group, in respect of which the person or persons to whom such indebtedness is or may be owed has or have no recourse whatsoever to any member of the Borrower Group for any payment or repayment in respect thereof:
 - (A) other than recourse to such member of the Borrower Group which is limited solely to the amount of any recoveries made on the enforcement of any Security Interests securing such indebtedness or in respect of any other disposition or realisation of the assets underlying such indebtedness;
 - (B) provided that such person or persons are not entitled, pursuant to the terms of any agreement evidencing any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up, dissolution or administration of 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 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) provided further that the principal amount of all indebtedness incurred and then outstanding pursuant to this paragraph does not exceed the greater of:
 - (1) €100,000,000 (or its equivalent in other currencies); and
 - (2) 3 per cent. of Total Assets.

“Financial Quarter” means the period commencing on the day immediately following any Quarter Date in each year, and ending on the next succeeding Quarter Date.

“Fitch” means Fitch Ratings or any successor thereof.

“Funded Excluded Subsidiary” means, in respect of a Funding Passthrough, the Borrower Group Excluded Subsidiary or any person in which a member of the Borrower Group owns an interest but which is not a member of the Borrower Group which:

- (a) indirectly receives funding from the Borrower Holdco; and/or
- (b) by way of dividend or other distribution, loan or payment of interest on or the repayment of the principal amount of any indebtedness owed by it, directly or indirectly, makes a payment to the Borrower Holdco.

“Funding Passthrough” means a series of transactions between the Borrower Holdco, one or more members of the Borrower Group and a Funded Excluded Subsidiary where:

- (a) in the case of funding being provided by the Borrower Holdco to the Funded Excluded Subsidiary, that funding is:
 - (i) first made available by the Borrower Holdco to UPC Broadband by way of the subscription for new securities, capital contribution or Subordinated Shareholder Loans;
 - (ii) secondly (if relevant) made available by the recipient of the Funding Passthrough under (i) above, to a member of the Borrower Group (other than UPC Broadband) which may be followed by one or more transactions between members of the Borrower Group (other than UPC Broadband) and finally made available by a member of the Borrower Group (other than UPC Broadband) to the Funded Excluded Subsidiary in all such cases by way of either the subscription for new securities, the advancing of loans or capital contribution; or

- (b) in the case of a payment to be made by the Funded Excluded Subsidiary to the Borrower Holdco that payment is:
- (i) first made by the Funded Excluded Subsidiary to a member of the Borrower Group, and thereafter is made between members of the Borrower Group (as relevant), by way of dividend or other distribution, loan or payment of interest on or the repayment of the principal amount of any indebtedness owed by such Funded Excluded Subsidiary or relevant member of the Borrower Group; and
 - (ii) finally made by UPC Broadband to the Borrower Holdco by way of dividend or other distribution, loan or the payment of interest on or the repayment of the principal amount of any loan made by way of Subordinated Shareholder Loans.

“Funding Rate” means any individual rate notified by a Lender to the Facility Agent pursuant to Clause 14.4(d) (*Cost of funds*).

“GAAP” means generally accepted accounting principles and practices in the United States.

“Guaranteed Document” means each Finance Document and each Hedging Agreement.

“Guarantors” means the Original Guarantor and each Additional Guarantor and **“Guarantor”** means any one of them as the context requires, provided that in either case, such person has not been released from its rights and obligations as a Guarantor hereunder pursuant to Clause 28.4 (*Release of Guarantees and Security*).

“Hedge Counterparty” has the meaning given to it in the Intercreditor Agreement.

“Hedging Agreement” means any hedging agreement entered into by a Hedge Counterparty with a Hedging Debtor (as amended, increased or novated from time to time) including, without limitation, any Cash Flow Hedging Agreement.

“Hedging Debtor” means:

- (a) any member of the Borrower Group or the UGCE Borrower Group;
- (b) UPC Broadband Holdco;
- (c) any Permitted Affiliate Holdco; or
- (d) any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt,

in each case that enters into a Hedging Agreement.

“Historic Screen Rate” means, in relation to any Advance, the most recent applicable Screen Rate for the currency of that Advance and for a period equal in length to the Interest Period of that Advance and which is as of a day which is no more than 30 days before the Quotation Date.

“Holdco Debt” means any Financial Indebtedness of UPC Broadband Holdco, any Permitted Affiliate Holdco and, in each case, one or more of their Subsidiaries (other than a member of the Borrower Group) in the form of:

- (a) Senior Unsecured Notes; and/or
- (b) any Financial Indebtedness incurred after the 2016 First Amendment Effective Date, where the incurrence of such Financial Indebtedness would not result in the pro forma ratio (giving effect to such incurrence and the ultimate use of proceeds thereof, which shall not include any cash balances) on the Quarter Date prior to such incurrence (giving pro forma effect to any movement of cash out of the Borrower Group since such date pursuant to any Permitted Payments) of Total Net Debt to Annualised EBITDA being greater than 5.50:1 following such incurrence,

provided that, in respect of any such Financial Indebtedness incurred after the 2016 First Amendment Effective Date, such Financial Indebtedness is designated as “Holdco Debt” by written notice from UPC Broadband to the Facility Agent and the Security Agent by the date when the consolidated financial statements are due to be provided pursuant to Clause 19.2 (*Financial information*) for the first full Financial Quarter after such incurrence.

“Holding Company” means, in relation to a person, an entity of which that person is a Subsidiary.

“Holding Company Expenses” means:

- (a) costs (including all professional fees and expenses) incurred by the Ultimate Parent and its Subsidiaries and, following any Parent Joint Venture Transaction, any Joint Venture Parent, any Subsidiary of a Joint Venture Parent and any Parent Joint Venture Holders and, in each case, their Subsidiaries from time to time in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, applicable rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, this Agreement or any other agreement or instrument relating to Financial Indebtedness of the Ultimate Parent and its Subsidiaries and, following any Parent Joint Venture Transaction, any Joint Venture Parent, any Subsidiary of a Joint Venture Parent and any Parent Joint Venture Holders and, in each case, their Subsidiaries from time to time;
- (b) indemnification obligations of the Ultimate Parent and its Subsidiaries and, following any Parent Joint Venture Transaction, any Joint Venture Parent, any Subsidiary of a Joint Venture Parent and any Parent Joint Venture Holders and, in each case, their Subsidiaries from time to time owing to directors, officers, employees or other persons under its charter or by-laws or pursuant to written agreements with any such person with respect to its ownership of UPC Broadband or any Permitted Affiliate Parent or the conduct of the business of the Borrower Group;
- (c) obligations of the Ultimate Parent and its Subsidiaries and, following any Parent Joint Venture Transaction, any Joint Venture Parent, any Subsidiary of a Joint Venture Parent and any Parent Joint Venture Holders and, in each case, their Subsidiaries from time to time in respect of director and officer insurance (including premiums therefor) with respect to ownership of UPC Broadband or any Permitted Affiliate Parent or the conduct of the business of the Borrower Group; and
- (d) general corporate overhead expenses, including professional fees and expenses and other operational expenses of the Ultimate Parent and its Subsidiaries and, following any Parent Joint Venture Transaction, any Joint Venture Parent, any Subsidiary of a Joint Venture Parent and any Parent Joint Venture Holders and, in each case, their Subsidiaries from time to time related to the ownership or operation of the business of UPC Broadband or any member of the Borrower Group, including acquisitions or dispositions by a member of the Borrower Group permitted hereunder (whether or not successful) in each case, to the extent such costs, obligations and/or expenses are not paid by another Subsidiary of the Ultimate Parent and its Subsidiaries and, following any Parent Joint Venture Transaction, any Joint Venture Parent, any Subsidiary of a Joint Venture Parent and any Parent Joint Venture Holders and, in each case, their Subsidiaries from time to time.

“IFRS” means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“Impaired Agent” means the Facility Agent at any time when:

- (a) it has failed to make (or has notified a Finance Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Facility Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Facility Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of **“Defaulting Lender”**; or
- (d) an Insolvency Event has occurred and is continuing with respect to the Facility Agent, unless, in the case of paragraph (a) above:
 - (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; andpayment is made within three Business Days of its due date; or
 - (ii) the Facility Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“Increase Confirmation” means a confirmation substantially in the form set out in Schedule 8 (*Form of Increase Confirmation*).

“Increase Lender” has the meaning set out in Clause 2.2(a) (*Increase*).

“Initial Additional Facility Lender” means a person which becomes a Lender under an Additional Facility pursuant to Clause 2.3 (*Additional Facilities*).

“Insolvency Event” in relation to a Finance Party means that the Finance Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in paragraph (d) above);
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or
- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above.

“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).

“Intercreditor Agreement” means:

- (a) 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, as such security deed is amended and restated from time to time including, without limitation, on the 2016 ICA Amendment Effective Date and includes each Deed of Accession (as defined in the Intercreditor Agreement) entered into in relation to such security deed; or
- (b) any supplemental intercreditor agreement (including any deeds of accession thereunder) entered into from time to time on substantially the same terms as the security deed referred to in paragraph (a) above or on terms which are otherwise satisfactory to the Facility Agent (acting reasonably).

“Interest” has the meaning given to such term in Clause 20.1 (*Financial definitions*).

“Interest Date” means the last day of an Interest Period.

“Interest Period” means each period determined in accordance with Clause 11 (*Interest*).

“Interpolated Historic Screen Rate” means, in relation to any Advance, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (a) the most recent applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Advance; and
- (b) the most recent applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Advance,

each for the currency of that Advance and each of which is as of a day which is no more than 30 days before the Quotation Date.

“Interpolated Screen Rate” means, in relation to any Advance, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Advance; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Advance,

each as of the Specified Time for the currency of that Advance.

“Intra-Group Services” means any of the following (provided that the terms of each such transaction are not materially less favourable, taken as a whole, to any member of the Borrower Group, as the case may be, than those that could be obtained in a comparable transaction in arm’s length dealings with a person that is not an Affiliate of UPC Broadband):

- (a) the sale of programming or other Content by any member(s) of the Wider Group (other than a member of the Borrower Group) to one or more members of the Borrower Group;
- (b) the lease or sublease of office space, other premises or equipment by one or more members of the Borrower Group to one or more members of the Wider Group (other than a member of the Borrower Group) or by one or more members of the Wider Group (other than a member of the Borrower Group) to one or more members of the Borrower Group;
- (c) the provision or receipt of other goods, services, facilities or other arrangements (in each case not constituting Financial Indebtedness) in the ordinary course of business, by or from one or more members of the Borrower Group to or from one or more members of the Wider Group (other than a member of the Borrower Group) including, without limitation:
 - (i) the employment of personnel;
 - (ii) provision of employee healthcare or other benefits;
 - (iii) acting as agent to buy equipment, other assets or services or to trade with residential or business customers; and
 - (iv) the provision of treasury, audit, accounting, banking, strategy, branding, marketing, network, technology, research and development, installation and customer service, telephony, office, administrative, compliance, payroll or other similar services; and
- (d) the extension, in the ordinary course of business and on terms not materially less favourable to the relevant member of the Borrower Group than arms’ length terms, by or to any member of the Borrower Group to or by any such member of the Wider Group (other than a member of the Borrower Group) of trade credit not constituting Financial Indebtedness in relation to the provision or receipt of Intra-Group Services referred to in paragraphs (a), (b) or (c) above.

“IRU Contract” means a contract entered into by UPC Broadband, any Permitted Affiliate Parent, or any member of the Borrower Group in the ordinary course of business in relation to the right to use capacity on a telecommunications cable system (including the right to lease such capacity to another person).

“Joint Venture” means any joint venture, partnership or similar arrangement between any member of the Borrower Group and any other person that is not a member of the Borrower Group.

“Joint Venture Parent” means the joint venture entity formed in a Parent Joint Venture Transaction.

“L/C Bank” means any Lender which has been appointed as an L/C Bank in accordance with Clause 6.11 (*Appointment and Change of L/C Bank*) and which has not resigned in accordance with paragraph (c) of Clause 6.11 (*Appointment and Change of L/C Bank*).

“L/C Bank Accession Certificate” means a duly completed accession certificate substantially in the form set out in Schedule 6 (*Form of L/C Bank Accession Certificate*).

“L/C Lender” has the meaning set out in Clause 6.1(b) (*Issue of Documentary Credits*).

“L/C Proportion” means, in relation to a Lender in respect of any Documentary Credit issued under an Additional Facility and save as otherwise provided in this Agreement, the proportion (expressed as a percentage) borne by such Lender’s Available Additional Facility Commitment to the aggregate of all Available Additional Facility Commitments in relation to that Additional Facility immediately prior to the issue of such Documentary Credit.

“Law” means:

- (a) common or customary law;
- (b) any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any jurisdiction; and

any directive, regulation, practice, requirement which has the force of law and which is issued by any governmental body, agency or department or any central bank or other fiscal, monetary, regulatory, self-regulatory or other authority or agency.

“Lender” means:

- (a) an Initial Additional Facility Lender; and
- (b) any person (including each L/C Bank and each Ancillary Facility Lender) which has become a New Lender (as defined in Clause 29.3 (*Transfers by Lenders*) under an Additional Facility in accordance with Clause 29 (*Changes to the Parties*),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

“Lender Asset Security Release Confirmation” means a notice from the Facility Agent to the Lenders confirming that the consents required under Clause 28 (*Amendments and Waivers*) to release all of the Security other than (i) that referred to in paragraph (b) of the definition of “80% Security Test” and (ii) any Security provided over any account in connection with a Borrower providing cash cover for a Documentary Credit or an Ancillary Facility pursuant to Clause 6.9(a) (*Cash Cover by Borrower*) and Clause 1.2(a)(iv) (*Construction*), have been obtained.

“LGEF” means:

- (a) 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; and
- (b) if the entity referred to in paragraph (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.

“LGEF 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 at the time owned or controlled, directly indirectly, by:
 - (i) LGEF;
 - (ii) LGEF and one or more LGEF Subsidiaries; or
 - (iii) one or more LGEF Subsidiaries.

For the purposes of the above definition:

- (A) **“Capital Stock”** of any LGEF 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 LGEF Subsidiary, including any Preferred Stock, but excluding any debt securities convertible into such equity; and

- (B) “**Preferred Stock**”, as applied to the Capital Stock of any LGEF 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 LGEF Subsidiary, over shares of Capital Stock of any other class of such LGEF Subsidiary.

“**LIBOR**” means, in relation to any Advance:

- (a) the applicable Screen Rate as of the Specified Time for the currency of that Advance and for a period equal in length to the Interest Period of that Advance; or
- (b) as otherwise determined pursuant to Clause 14.1 (*Unavailability of Screen Rate*).

“**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.

“**Limited Condition Transaction**” means (i) any investment or acquisition, in each case, by a member of the Borrower Group of any assets, business or person, the consummation of which is not conditional on the availability of, or on obtaining, third party finance and (ii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Financial Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

“**Limited Recourse**” means a letter of credit, revolving loan commitment, cash collateral account, guarantee or other credit enhancement issued by any member of the Borrower Group (other than an Asset Securitisation Subsidiary) in connection with the incurrence of Financial Indebtedness by an Asset Securitisation Subsidiary in relation to an asset securitisation programme or programmes or one or more receivables factoring transactions; provided that, the aggregate amount of such letter of credit reimbursement obligations and the aggregate available amount of such revolving loan commitments, cash collateral accounts, guarantees or other such credit enhancements of members of the Borrower Group (other than an Asset Securitisation Subsidiary) shall not exceed 25 per cent. of the principal amount of such Financial Indebtedness at any time.

“**Liquidation Transfer**” has the meaning given to such term in Clause 19.30 (*Internal Reorganisations*).

“**LMA**” means the Loan Market Association.

“**LSTA**” means the Loans Syndications & Trading Association.

“**Maintenance Covenant Revolving Facilities**” means Revolving Facilities which are designated by UPC Broadband by notice in writing to the Facility Agent at any time to have the benefit of Clause 20.2 (*Financial Ratio*).

“**Majority Acquisition**” has the meaning given in paragraph (b) 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 Utilisations (calculated by reference to the Euro Amounts of such Utilisations) exceeds 50 per cent. of the aggregate undrawn Total Commitments and the Euro Amount of outstanding Utilisations calculated in accordance with Clause 28.5 (*Calculation of Consent*).

“**Management Fees**” means:

- (a) any management, consultancy or similar fees payable by any member of the Borrower Group to any Restricted Person; and
- (b) following the consummation of any Parent Joint Venture Transaction, any management, consultancy or similar fees payable by any member of the Borrower Group to any Joint Venture Parent, any Subsidiary of the Joint Venture Parent and any Parent Joint Venture Holders.

“**Margin**” means the amount specified in and, if applicable, adjusted in accordance with the Additional Facility Accession Agreement.

“**Marketable Securities**” means any security which is listed on any publicly recognised stock exchange and which has, or is issued by a company which has, a capitalisation of not less than €210,000,000 (or its

equivalent in other currencies) as at the time such Marketable Securities are acquired by any member of the Borrower Group by way of consideration for any disposal permitted under Clause 19.11 (*Disposals*).

“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 obligations under any of the Finance Documents.

“Material Subsidiary” means any Subsidiary of UPC Broadband or any Subsidiary of any Permitted Affiliate Parent which accounts for more than five per cent. on an unconsolidated basis of consolidated EBITDA of the Borrower Group as shown in the financial statements most recently delivered under Clause 19.2(a)(i) or (ii) (*Financial information*) (except that for purposes of determining the consolidated EBITDA of the Borrower Group in respect of the financial statements delivered under Clause 19.2(a)(ii) (*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.

“Maturing Advance” has the meaning given to such term in Clause 9.2 (*Rollover Advances*).

“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 29.3 (*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.

“Moody’s” means Moody’s Investor Services, Inc. or any successor thereof.

“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 Equity” means a subscription for capital stock of UPC Broadband or any other form of equity contribution to a member of the Borrower Group, in each case, where such subscription or contribution does not result in a Change of Control and is provided by a member of the Wider Group which is not a member of the Borrower Group.

“New Lender” has the meaning given to such term in Clause 29.3 (*Transfers by Lenders*).

“Non-Acceptable L/C Lender” means a Lender under any Revolving Facility which the Facility Agent has determined:

- (a) is not an Acceptable Bank within the meaning of paragraph (a) of the definition of **“Acceptable Bank”** (other than a Lender which each L/C Bank has agreed is acceptable to it notwithstanding that fact, a 2016 First Amendment Effective Date Lender or any Affiliate of a 2016 First Amendment Effective Date Lender); or
- (b) is a Defaulting Lender; or
- (c) has failed to make (or has notified the Facility Agent that it will not make) a payment to be made by it under Clause 22.12 (Indemnities) or any other payment to be made by it under the Finance Documents

to or for the account of any other Finance Party in its capacity as Lender by the due date for payment unless the failure to pay falls within the description of any of those items set out at (i) and (ii) of the definition of “**Defaulting Lender**”.

“**Non-Consenting Lender**” is a Lender which does not agree to a consent to an amendment to, or a waiver of, any provision of the relevant Finance Documents where:

- (a) UPC Broadband or the Facility Agent has requested the Lenders to consent to an amendment to, or waiver, of any provision of the Finance Documents;
- (b) the consent or amendment in question requires the agreement of the Lenders affected thereby pursuant to Clause 28.2 (*Exceptions*) (and such Lender is one of the Lenders affected thereby);
- (c) Lenders representing not less than 80 per cent. of the Commitments or Outstandings, as the case may be, of the Lenders affected thereby have agreed to such consent or amendment; and
- (d) UPC Broadband has notified the Lender it will treat it as a Non-Consenting Lender.

“**Non-Distribution Business Assets**” has the meaning given to such term in Clause 19.11(b)(xxxi) (*Disposals*).

“**Non-Funding Lender**” is either:

- (a) a Lender which fails to comply with its obligation to participate in any Advance where:
 - (i) all conditions to the relevant Utilisation (including without limitation, delivery of a Request) have been satisfied or waived by the Majority Lenders in accordance with the terms of this Agreement;
 - (ii) Lenders representing not less than 80 per cent. of the relevant Commitments have agreed to comply with their obligations to participate in such Advance; and
 - (iii) UPC Broadband has notified the Lender that it will treat it as a Non-Funding Lender;
- (b) a Lender which has given notice to a Borrower or the Facility Agent that it will not make, or it has disaffirmed or repudiated any obligation to participate in, an Advance; or
- (c) a Defaulting Lender.

“**Novation Certificate**” has the meaning given to such term in Clause 29.4(a)(i) (*Procedure for novations*).

“**Obligor**” means a Borrower or a Guarantor.

“**Obligor Accession Agreement**” means a deed in the form of Part 3 of Schedule 4 (*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 29.8(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 paragraphs 3(a), (c), (d), (e), (f) and (g) of Schedule 5 (*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 19.15(a) (*Loans and guarantees*) or Clause 29.8 (*Additional Obligors*).

“**Obligors’ Framework Agreement**” means the Framework Agreement (as defined in any Obligor Pledge of Shareholder Loans).

“**Operational Expenditure**” means any expenditure which is or will be treated as operational expenditure in the financial statements of the Borrower Group prepared in accordance with the Relevant Accounting Principles and delivered to the Facility Agent pursuant to Clause 19.2 (*Financial information*).

“**Optional Currency**” means, in relation to any Advance, any currency other than Euros and US Dollars which:

- (a) is readily available to banks in the London interbank market, and is freely convertible into Euros on the Quotation Date and the Utilisation Date for the relevant Advance; and
- (b) has been approved by the Facility Agent (acting on the instructions of all the affected Lenders) on or prior to receipt by the Facility Agent of the relevant Request.

“**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).

“Outstanding L/C Amount” means each sum paid or payable by an L/C Bank to a Beneficiary pursuant to the terms of a Documentary Credit which has not been reimbursed or in respect of which cash cover has not been provided by or on behalf of a relevant Borrower.

“Outstandings” means, at any time, the aggregate principal amount of:

- (a) any Advances outstanding under this Agreement;
- (b) each Additional Facility Lender’s participation in an Outstanding L/C Amount; and
- (c) any Ancillary Facility Outstandings.

“Paper Form Lender” has the meaning given to such term in Clause 36.3(b) (*Use of Websites/E-mail*).

“Parent Joint Venture Transaction” means a transaction pursuant to which a joint venture is formed by the contribution of some or all of the assets of a Holding Company of any member of the Borrower Group or issuance or sale of shares of a Holding Company of any member of the Borrower Group to one or more entities which are not Affiliates of the Ultimate Parent.

“Parent Joint Venture Holders” means the holders of the share capital of the Joint Venture Parent.

“Pari Passu Debt Documents” has the meaning given to such term in the Intercreditor Agreement after the 2016 ICA Amendment Effective Date.

“Participating Member State” means any member state of the European Union that at the relevant time has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“Party” means a party to this Agreement.

“Patriot Act” means the USA Patriot Act (Title 111 of Pub. L. 107-65 (signed into law October 26, 2001)).

“Paying Lender” has the meaning given to such term in Clause 7.3 (*Ancillary Facility Default*).

“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 a Subsidiary of any Permitted Affiliate Parent or where UPC Broadband or one of its Subsidiaries or any Permitted Affiliate Parent 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 substantially of the same nature as the Business;
 - (ii) in the case of any Majority Acquisition where the Acquisition Cost is €250,000,000 or greater (excluding, for the purposes of this paragraph (b)(ii), the value of any consideration for such Acquisition payable in cash other than the proceeds of a Utilisation of an Additional Facility or any other incurrence of debt which ranks *pari passu* in right of payment with the Facilities under the Intercreditor Agreement), UPC Broadband delivers to the Facility Agent within 60 days of the date of any such Majority Acquisition:
 - (A) the most recent six months management accounts of or relating to the Target, together with a certificate signed by an authorised signatory 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;
 - (B) a certificate signed by an authorised signatory of UPC Broadband which certifies that, if the ratio of Senior Net 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 19.2(a)(i) or 19.2(a)(ii) (*Financial information*) (the **“Relevant Ratio Period”**) but adding to the:
 - (1) amount of Senior Net Debt used in such calculation any net increase in the Senior Net Debt of the Borrower Group since the end of the Relevant Ratio Period or subtracting from the amount of Senior Net Debt used in such calculation any net deduction in the Senior Net Debt of the Borrower Group since the end of the Relevant Ratio Period (in each case taking into account the amount of Senior Net Debt used to fund the Acquisition Cost); and

(2) Annualised EBITDA of the Borrower Group the Annualised EBITDA of the Target for the Relevant Ratio Period,

the ratio of Senior Net Debt to Annualised EBITDA of the Borrower Group would be less than 4.50:1.

For the purposes of this paragraph (B), Senior Net Debt shall be determined as defined under Clause 20.1 (*Financial definitions*) and then adjusted by making the additions and subtractions permitted under paragraph (B)(1) above.

- (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;
- (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;
- (e) the purchase of or investment in Cash Equivalent Investments (including without limitation by way of consideration in respect of any disposal as contemplated in Clause 19.11 (*Disposals*) and subject to the conditions set out therein) or Marketable Securities;
- (f) the incorporation of a company or the acquisition of an “off-the-shelf” company which is or becomes a member of the Borrower Group;
- (g) any acquisition by any member of the Borrower Group in connection with a disposal permitted by the provisions of Clause 19.11 (*Disposals*) and any acquisition or subscription by a member of the Borrower Group of shares issued by a Subsidiary of UPC Broadband or a subsidiary of any Permitted Affiliate Parent which in any such case, is a member of the Borrower Group 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 and if such shares are required to remain subject to Security in order to comply with this Agreement either (i) such newly issued shares shall also be subject to Security (in form and substance substantially similar to any existing Security or otherwise in such form and substance as may be reasonably required by the Facility Agent) upon their issue or (ii) such shares shall be made subject to Security (in form and substance substantially similar to any existing Security or otherwise in such form and substance as may be reasonably required by the Facility Agent) within 10 Business Days of their issue;
- (h) any acquisition made by a member of the Borrower Group pursuant to the implementation of an Asset Passthrough or a Funding Passthrough;
- (i) 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 Shareholder Loans;
- (j) the acquisition of any leasehold interest in any assets which are the subject of a sale and lease back permitted under Clause 19.11(b) (*Disposals*);
- (k) arising from the conversion of any company (the “**Original Company**”) from one form of organisation into 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, in the event that it is required by the 80% Security Test, ensure that the Security Agent is provided with Security 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 previously provided by the Original Company and (ii) the Security Agent is satisfied that any possibility of such additional Security being challenged or set aside is not materially greater than any such possibility in relation to the Security entered into by or in respect of the share capital of the Original Company;
- (l) investments in any Asset Securitisation Subsidiary in connection with any asset securitisation programme or receivables factoring transaction that is reasonably necessary or advisable (in the reasonable judgment of the board of directors or governing body of the relevant person) to effect such asset securitisation programme or receivables factoring transaction;
- (m) any Permitted Transaction;

- (n) any purchase or acquisition of assets in the ordinary course of business; and
- (o) acquisitions which are not otherwise permitted under the definition of Permitted Acquisition provided that the aggregate consideration paid in respect of such acquisitions does not exceed €300,000,000.

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 Affiliate Group Designation Date" means any date on which the Facility Agent provides confirmation to UPC Broadband that the conditions set out in Clause 29.7 (*Permitted Affiliate Group Designation*) are satisfied.

"Permitted Affiliate Holdco" means the immediate Holding Company of any Permitted Affiliate Parent and any other Holding Company of any Permitted Affiliate Parent that is an issuer of, or has otherwise incurred, Holdco Debt and, in each case, which is a Subsidiary of the Common Holding Company.

"Permitted Affiliate Parent" has the meaning given to such term in Clause 29.7 (*Permitted Affiliate Group Designation*).

"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 Credit Facility" means one or more of any Facility or any other debt facilities or arrangements that may be entered into by any member of the Borrower Group providing for credit loans, letters of credit or other indebtedness or other advances, in each case, incurred in compliance with this Agreement.

"Permitted Disposal" has the meaning given to such term in Clause 19.11(b) (*Disposals*).

"Permitted Financial Indebtedness" has the meaning given to such term in Clause 19.13(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 or a Subsidiary of any Permitted Affiliate Parent 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 the Relevant Accounting Principles; or
- (b) any Acquisition where, upon completion of the Acquisition, the person acquired will not be a Subsidiary of UPC Broadband or a Subsidiary of any Permitted Affiliate Parent or where UPC Broadband or one of its Subsidiaries or any Permitted Affiliate Parent 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 substantially the same nature as the Business;
 - (ii) in the case of any JV Minority Acquisition where the Acquisition Cost is €250,000,000 or greater (excluding from the Acquisition Cost the value of any consideration paid in cash other than the proceeds of a Utilisation of an Additional Facility or any other incurrence of debt which ranks *pari passu* in right of payment with the Facilities under the Intercreditor Agreement), UPC Broadband delivers to the Facility Agent within 60 days of the date of any such JV Minority Acquisition:
 - (A) the most recent six months management accounts of or relating to the Target, together with a certificate signed by an authorised signatory 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; and
 - (B) a certificate signed by an authorised signatory of UPC Broadband which certifies that, if the ratio of Senior Net 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 19.2(a)(i) or 19.2(a)(ii) (*Financial information*) (the “**Relevant Ratio Period**”) but adding to the:

- (1) amount of Senior Net Debt used in such calculation any net increase in the Senior Net Debt of the Borrower Group since the end of the Relevant Ratio Period or subtracting from the amount of Senior Net Debt used in such calculation any net deduction in the Senior Net Debt of the Borrower Group since the end of the Relevant Ratio Period (in each case taking into account the amount of Senior Net Debt used to fund the Acquisition Cost); and
- (2) Annualised EBITDA of the Borrower Group the Annualised EBITDA of the Target for the Relevant Ratio Period,

the ratio of Senior Net Debt to Annualised EBITDA of the Borrower Group would be less than the higher of 4.50:1.

For the purposes of this paragraph (B)(1), Senior Net Debt shall be determined as defined under Clause 20.1 (*Financial definitions*) and then adjusted by making the additions and subtractions permitted under paragraph (B) above.

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 such term in Clause 19.14(c) (*Restricted Payments*).

“**Permitted Security Interest**” means:

- (a) any Security Interests arising hereunder or under any Senior Secured Finance Document, which is subject to the terms of the Intercreditor Agreement;
- (b) any Security Interest which arises by operation of law or by a contract having a similar effect or under an escrow arrangement required by a trading counterparty of any member of the Borrower Group and in each case arising or entered into the ordinary course of business of the relevant member of the Borrower Group;
- (c) any Security Interest arising under any Existing Security Document;
- (d) any liens arising in the ordinary course of business by way of contract which secures 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 provided);
- (e) 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 the Relevant Accounting Principles;
- (f) any Security Interest which arises in respect of any right of set-off, netting arrangement, title transfer or title retention arrangements which:
 - (i) arises in the ordinary course of business and/or by operation of law;
 - (ii) is entered into by any member of the Borrower Group in the normal course of its banking arrangements for the purpose of netting debit and credit balances on bank accounts of members of the Borrower Group operated on a net balance basis (and any Security Interests over bank accounts granted in connection therewith);
 - (iii) arises in respect of netting or set off arrangements contained in any Hedging Agreement (after the 2016 ICA Amendment Effective Date) or other hedging contract permitted or not prohibited by this Agreement;
 - (iv) is entered into by any member of the Borrower Group on terms which are generally no worse than the counterparty’s standard or usual terms and entered into in the ordinary course of business of the relevant member of the Borrower Group; or
 - (v) which is a retention of title arrangement with respect to customer premises equipment in favour of a supplier (or its Affiliate); provided that the title is only retained to individual items of customer premises equipment in respect of which the purchase price has not been paid in full;

- (g) any Security Interests approved in writing by the Facility Agent (acting on the instructions of the Majority Lenders);
- (h) any Security Interest in favour of any bank incurred in relation to any cash management arrangements;
- (i) any Security Interest securing any Financial Indebtedness referred to in Clause 19.13(b)(xi) (*Restrictions on Financial Indebtedness*), provided that (i) such Security Interest was not created in contemplation of the acquisition of such company, (ii) 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 (iii) such Security Interest is discharged within 12 months of completion of the relevant acquisition;
- (j) any Security Interest over Non-Distribution Business Assets referred to in Clause 19.13(b)(xii) (*Restrictions on Financial Indebtedness*), securing Financial Indebtedness described therein or any other obligation in respect of such Non-Distribution Business Assets;
- (k) any Security Interest arising from any Finance Leases, sale and leaseback arrangements or Vendor Financing Arrangements permitted to be incurred pursuant to Clause 19.13(b)(xviii) (*Restrictions on Financial Indebtedness*);
- (l) 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;
- (m) any Security Interest over or affecting any asset acquired by a member of the Borrower Group after the date of this Agreement and subject to which such asset is acquired, if:
 - (i) such Security Interest was not created in contemplation of the acquisition of such asset by a member of the Borrower Group;
 - (ii) the Financial Indebtedness secured thereby is Financial Indebtedness of, or is assumed by, the relevant acquiring member of the Borrower Group and is Financial Indebtedness which at all times falls within Clauses 19.13(b)(xi) or 19.13(b)(xviii) (*Restrictions on Financial Indebtedness*);
 - (iii) and the amount of Financial Indebtedness so secured is not increased at any time;
- (n) any Security Interest over any property or other assets to satisfy any pension plan contribution liabilities provided that the aggregate value of any such property or other assets, when taken together with the aggregate amount of disposals pursuant to Clause 19.11(b)(vi) (*Disposals*), shall not exceed €150,000,000 at any time;
- (o) any Security Interest constituted by a rent deposit deed entered into on arm's length commercial terms and in the ordinary course of business securing the obligations of a member of the Borrower Group in relation to property leased to a member of the Borrower Group;
- (p) any Security Interest which is granted over the shares of, Financial Indebtedness owed by or other interests held in, or over the assets (including, without limitation, present or future revenues), attributable to a Project Company, a Borrower Group Excluded Subsidiary or a Permitted Joint Venture;
- (q) 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;
- (r) any Security Interest 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 of the Borrower Group;
- (s) any Security Interest which is created by any member of the Borrower Group in substitution for any Security Interest under any existing Security Document, provided that the principal amount secured thereby may not be increased unless any Security Interest in respect of such increased amount would be permitted under another paragraph of this definition;

- (t) after the 2016 ICA Amendment Effective Date, Security Interests securing any Financial Indebtedness on a *pari passu* or junior ranking basis (to the extent that any Financial Indebtedness is permitted or not prohibited under the terms of this Agreement) with respect to any part of the Facilities, provided that:
 - (i) the ratio of Senior Net Debt to Annualised EBITDA (giving pro forma effect to any such Financial Indebtedness and the use of proceeds thereof) would not be greater than 4.50:1.00 provided that this limitation shall not apply to any Financial Indebtedness the proceeds of which are used to refinance (x) any Facility, (y) any Senior Secured Notes or (z) any other Financial Indebtedness which is secured by assets that are subject to Security; and
 - (ii) (x) any such Financial Indebtedness ranking *pari passu* with the Facilities is subject to the Intercreditor Agreement and (y) any such Financial Indebtedness which is secured on a junior ranking basis over assets subject to Security is granted on terms where the rights of the relevant mortgagee, chargee or other beneficiary of such security in respect of any payment will be subordinated to the rights of the Finance Parties under an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably) (providing for contractual subordination on terms comparable to the Loan Market Association's form of intercreditor agreement at such time for mezzanine debt unless otherwise agreed between the Facility Agent (acting on the instructions of the Majority Lenders) and UPC Broadband) and, in each case, the Finance Parties hereby agree to execute such intercreditor agreement as soon as practicable following request from UPC Broadband;
- (u) any Security Interest over cash deposits or other Security Interests constituting or for the purpose of securing Limited Recourse;
- (v) any Security Interest comprising of a right of set-off granted to any financial institution acting as a lockbox bank in connection with any asset securitisation programme or one or more receivables factoring transactions;
- (w) any Security Interest created for the purpose of perfecting the ownership interests of a purchaser of receivables and related assets pursuant to any asset securitisation programme or one or more receivables factoring transactions;
- (x) any Security Interest on investments in Asset Securitisation Subsidiaries;
- (y) in respect of any Permitted Transaction;
- (z) any Security Interest arising in connection with other sales of receivables permitted under this Agreement without recourse to any member of the Borrower Group;
- (aa) any Security Interest over:
 - (i) proceeds from the offering of any debt securities or other Financial Indebtedness (and accrued interest thereon) paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events for the benefit of the related holders of debt securities or other Financial Indebtedness (or the underwriters or arrangers thereof); or
 - (ii) cash set aside at the time of the incurrence of any Financial Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities prefund the payment of interest on such Financial Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;
- (bb) any Security Interest created to secure any Financial Indebtedness on a second lien ranking basis provided that:
 - (i) (other than in the case of a refinancing of other secured Financial Indebtedness in the same or a lesser principal amount) the Total Net Debt to Annualised EBITDA ratio on a pro forma basis would not be greater than 5.50:1; and
 - (ii) such Financial Indebtedness constitutes Second Lien Liabilities (under and as defined in the Intercreditor Agreement) or is subject to other intercreditor arrangements on terms satisfactory to the Facility Agent and the Security Agent (in each case, acting reasonably) and, where the rights of the holders of such Financial Indebtedness will be contractually subordinated to the rights of the Lenders, on terms comparable to the All3Media Intercreditor Agreement (as amended from

time to time up until the date of the additional facility AN accession agreement relating to this Agreement between, among others, UPC Financing and the Facility Agent) with such adjustments and amendments as agreed between UPC Broadband, the Security Agent and the Facility Agent (acting reasonably in each case);

- (cc) Security Interests on receivables and any assets related thereto including, without limitation, all Security Interests securing such receivables, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such receivables and other assets which are customarily transferred, or in respect of which Security Interests are customarily granted, in connection with asset securitisations involving receivables and any hedging obligations entered into by any member of the Borrower Group in connection with such receivables that arise in connection with an asset securitisation programme or receivables factoring transactions, and Security Interests on investments in Asset Securitisation Subsidiaries;
- (dd) Security Interests in respect of (i) any facilities or services related to cash management, cash pooling, treasury, depository, overdraft, credit or debit card, p-cards (including purchasing cards or commercial cards), electronic funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade financial services or other cash management and cash pooling arrangements and (ii) daylight exposures of the Borrower Group in respect of banking and treasury arrangements entered into in the ordinary course of business;
- (ee) Security Interests on Cash, Cash Equivalent Investments or other property arising in connection with the defeasance, discharge or redemption of indebtedness; provided that such defeasance, discharge or redemption is permitted hereunder;
- (ff) Security Interests or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property or assets over which any member of the Borrower Group has easement rights or on any leased property and subordination or similar arrangements relating thereto (including, without limitation, the right reserved to or vested in any governmental authority by the terms of any lease, license, franchise, grant or permit acquired by that member of the Borrower Group or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof);
- (gg) any Security Interest in respect of any condemnation or eminent domain proceedings affecting any real property;
- (hh) Security Interests securing hedging obligations so long as the related Financial Indebtedness is, and is permitted or not prohibited from being incurred under this Agreement, secured by a Security Interest on the same property securing such hedging obligation;
- (ii) Security Interests (i) encumbering reasonable customary initial deposits and margin deposits and similar Security Interests attaching to brokerage accounts incurred in the ordinary course of business and not for speculative purposes or (ii) deposits made in the ordinary course of business to secure liability to insurance carriers;
- (jj) Security Interests in respect of the ownership interests in, or assets owned by, any joint ventures or similar arrangements securing obligations of such joint ventures or similar agreements;
- (kk) Security Interests on equipment of any member of the Borrower Group granted in the ordinary course of business to a client of that member of the Borrower Group at which such equipment is located;
- (ll) any Security Interest in respect of subdivision agreements, site plan control agreements, development agreements, servicing agreements, cost sharing, reciprocal and other similar agreements with municipal and other governmental authorities affecting the development, servicing or use of a property; provided the same are complied with in all material respects except as such non-compliance does not interfere in any material respect as determined in good faith by UPC Broadband with the business of the Borrower Group taken as a whole;
- (mm) any Security Interest in respect of facility cost sharing, servicing, reciprocal or other similar agreements related to the use and/or operation a property in the ordinary course of business; provided the same are complied with in all material respects;
- (nn) any Security Interest in respect of deemed trusts created by operation of law in respect of amounts which are (i) not yet due and payable, (ii) immaterial, (iii) being contested in good faith and by

appropriate proceedings and for which appropriate reserves have been established in accordance with GAAP or (iv) unpaid due to inadvertence after exercising due diligence; and

- (oo) Security Interests securing Financial Indebtedness the principal amount of which (when aggregated with the principal amount of any other Financial Indebtedness which has the benefit of a Security Interest other than as permitted pursuant to paragraphs (a) to (nn) above) does not exceed the greater of (i) €250,000,000 (or its equivalent in other currencies) and (ii) five per cent. of Total Assets:
- (i) which may be secured on assets not subject to Security; or
 - (ii) which may be secured on a junior ranking basis over assets subject to Security provided that such junior ranking security shall be granted on terms where the rights of the relevant mortgagee, chargee or other beneficiary of such security in respect of any payment will be subordinated to the rights of the Finance Parties under an intercreditor arrangement on terms satisfactory to the Facility Agent (acting reasonably) (providing for contractual subordination on terms comparable to the Loan Market Association's form of intercreditor agreement at such time for mezzanine debt unless otherwise agreed between the Facility Agent (acting on the instructions of the Majority Lenders) and UPC Broadband) and each of the Finance Parties hereby agree to execute such intercreditor agreement as soon as practicable following request from UPC Broadband.

“Permitted Transaction” means:

- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security given, or other transaction arising, under the Senior Secured Finance Documents;
- (b) the solvent liquidation or reorganisation of any member of the Borrower Group which is not an Obligor so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Borrower Group;
- (c) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm's length terms;
- (d) the Post-Closing Reorganisation;
- (e) the Spin-Off;
- (f) any internal corporate reorganisation reasonably required in connection with, or to effect, any asset securitisation programme or a receivables factoring transaction; and
- (g) any transaction with the prior consent of the Majority Lenders.

“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, prior to the 2016 ICA Amendment Effective Date only, the deed of subordination) of Subordinated Shareholder Loans entered into between certain Restricted Persons and the Security Agent listed in paragraph 3(b) of Schedule 5 (*Security Documents*) and any other deed of pledge entered into pursuant to any such deed of pledge or Clause 19.22(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 paragraph (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.

“Post-Closing Reorganisation” has the meaning given to such term in Clause 10.4 (*Change of Control*).

“Predecessor Obligor” has the meaning given to such term in Clause 19.30 (*Internal Reorganisations*).

“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.

“Project Company” means a Subsidiary of a company (or a person in which such company has an interest) which has a special purpose and whose creditors have no recourse to any member of the Borrower Group in respect of Financial Indebtedness of that Subsidiary or person, as the case may be, or any of such Subsidiary’s or person’s Subsidiaries (other than recourse to such member of the Borrower Group who had granted a Security Interest over its shares or other interests in such Project Company beneficially owned by it provided that such recourse is limited to an enforcement of such a Security Interest).

“Proportion” in relation to a Lender, means:

- (a) in relation to an Advance to be made under this Agreement, the proportion borne by such Lender’s Available Commitment in respect of the relevant Facility, the relevant Borrowers and the relevant currency to the relevant Available Facility;
- (b) in relation to an Advance or Advances outstanding under this Agreement, the proportion borne by such Lender’s share of the Euro Amount of such Advance or Advances to the total Euro Amount thereof;
- (c) if paragraph (a) above does not apply and there are no Outstandings, the proportion borne by the aggregate of such Lender’s Available Commitment to the Available Facilities (or if the Available Facilities are then zero, by its Available Commitment to the Available Facilities immediately prior to their reduction to zero); and
- (d) if paragraph (b) above does not apply and there are any Outstandings, the proportion borne by such Lender’s share of the Euro Amount of the Outstandings to the Euro Amount of all the Outstandings for the time being.

“Quarter Date” means each of 31 March, 30 June, 30 September and 31 December in each financial year of UPC Broadband.

“Quotation Date” means, in relation to any currency and any period for which an interest rate is to be determined:

- (a) if the relevant currency is Euro, two TARGET Days before the first day of that period; or
- (b) in relation to any other currency, two Business Days before the first day of that period,

provided that if market practice differs in the Relevant Interbank Market for a currency, the Quotation Date for that currency will be determined by the Facility Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Date will be the last of those days).

“Ratio Period” has the meaning given to such term in Clause 20.1 (*Financial definitions*).

“Receivables Fees” means reasonable distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a person that is not an Asset Securitisation Subsidiary in connection with, any asset securitisation programme or receivables factoring transaction.

“Reference Bank Quotation” means any quotation supplied to the Facility Agent by a Reference Bank or an Alternative Reference Bank.

“Reference Bank Rate” means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request by the Reference Banks:

- (a) in relation to LIBOR:
 - (i) (other than where paragraph (ii) below applies) as the rate at which the relevant Reference Bank could borrow funds in the London interbank market in the relevant currency and for the relevant period were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period; or
 - (ii) if different, as the rate (if any and applied to the relevant Reference Bank and the relevant currency and period) which contributors to the applicable Screen Rate are asked to submit to the relevant administrator; or
- (b) in relation to EURIBOR:
 - (i) (other than where paragraph (ii) below applies) as the rate at which the relevant Reference Bank believes one prime bank is quoting to another prime bank for interbank term deposits in Euro within the Participating Member States for the relevant period; or

- (ii) if different, as the rate (if any and applied to the relevant Reference Bank and the relevant period) which contributors to the applicable Screen Rate are asked to submit to the relevant administrator.

“Reference Banks” means, subject to Clause 29.9 (*Reference Banks*), the principal London offices of JPMorgan Chase Bank, The Toronto-Dominion Bank and CIBC World Markets plc.

“Refinanced Debt” has the meaning given to such term in Clause 2.3(h) (*Additional Facilities*).

“Refinancing Additional Facility” has the meaning given to such term in Clause 2.3(h) (*Additional Facilities*).

“Refinancing Additional Facility Effective Date” has the meaning given to such term in Clause 2.3(h)(ii)(A) (*Additional Facilities*).

“Regulatory Authority Disposal” means any direct or indirect sale, lease, transfer, issuance or distribution of any part of a present or future undertaking, shares, property, rights, remedies or other assets by one or a series of transactions related or not (each referred to for the purposes of this definition as a **“disposal”**) by any member of the Borrower Group to another member of the Borrower Group or any other person, provided that such disposal is required by a regulatory authority or court of competent jurisdiction or such disposal is made in response to concerns raised by a regulatory authority or court of competent jurisdiction.

“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 Accounting Principles” means GAAP, or, if at the relevant time IFRS has been adopted in accordance with Clause 19.4 (*Change in Accounting Practices*), IFRS.

“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 19.2(a)(ii) (*Financial information*).

“Relevant Event” means a Default in relation to (a) Clause 21.2 (Non-payment) or (b) Clause 20.2 (*Financial Ratio*).

“Renewal Request” means, in relation to a Documentary Credit, a Request therefor, in respect of which the proposed Utilisation Date stated in it is the Expiry Date of an existing Documentary Credit and the proposed Euro Amount is the same or less than the Euro Amount of that existing Documentary Credit.

“Repayment Instalment” has the meaning given to that term in Clause 9.1 (*Repayment of Advances*).

“Relevant Interbank Market” means, in relation to Euro, the European interbank market and in relation to any other currency, the London interbank market therefor.

“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.

“Reporting Entity” means:

- (a) prior to any Permitted Affiliate Group Designation Date, UPC Broadband Holdco or any other Holding Company of UPC Broadband notified by UPC Broadband to the Facility Agent; and
- (b) on or following any Permitted Affiliate Group Designation Date, the Common Holding Company or any other Holding Company of the Common Holding Company notified by UPC Broadband to the Facility Agent.

“Request” means:

- (a) in relation to an Advance a duly completed notice substantially in the form set out in Part 1 to Schedule 3 (*Form of Request (Advances)*); or
- (b) in relation to a Documentary Credit, a duly completed notice substantially in the form set out in Part 3 to Schedule 3 (*Form of Request (Documentary Credits)*).

“Restricted Payment” has the meaning given to such term in Clause 19.14(b) (*Restricted Payments*).

“Restricted Person” means the Ultimate Parent, any other company (not being a member of the Borrower Group) which is a Subsidiary of, or an Associated Company of, the Ultimate Parent (other than Associated Companies of the Ultimate Parent which are its Associated Companies by virtue of controlling the Ultimate Parent or owning beneficially and/or legally directly or indirectly 10 per cent. or more of the equity interests in the Ultimate Parent) and, following any Parent Joint Venture Transaction, any Joint Venture Parent, any Subsidiary of the Joint Venture Parent and any Parent Joint Venture Holders.

“Restricted Person’s Framework Agreement” means the Framework Agreement as defined in any Pledge of Subordinated Shareholder Loans.

“Revolving Facility” means any Additional Facility that is a revolving loan facility (including any term loan Additional Facility that can be redrawn, any Ancillary Facility and any Documentary Credit facility).

“Revolving Facility Instructing Group” means, in relation to a Revolving Facility, a Lender or group of Lenders whose Available Additional Facility Commitments in relation to that Revolving Facility and Outstandings in relation to that Revolving Facility exceeds 50 per cent. of the aggregate amount of the Available Additional Facility Commitments and Outstandings in relation to that Revolving Facility, calculated in accordance with Clause 28.5 (*Calculation of Consent*).

“Rollover Advance” has the meaning given to such term in Clause 9.2 (*Rollover Advances*).

“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 London interbank offered rate administered by the ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate); and
- (b) in relation to EURIBOR, the Euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate), or, in each case, on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Facility Agent may (following consultation with UPC Broadband and the Lenders) specify another page or service displaying the relevant rate.

“SEC” means the United States Securities and Exchange Commission.

“Security” means the Security Interests created or purported to be created pursuant to the Security Documents.

“Security Documents” means:

- (a) the documents listed in Schedule 5 (*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 19.21 (*Share security*) or Clause 19.23 (*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 29.8 (*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 such term in the Intercreditor Agreement.

“Senior Beneficiary” has the meaning given to the term in the Intercreditor Agreement.

“Senior Debt” has the meaning given to such term in Clause 20.1 (*Financial definitions*).

“Senior Net Debt” has the meaning given to such term in Clause 20.1 (*Financial definitions*).

“Senior Secured Finance Documents” means:

- (a) any Finance Document;
- (b) after the 2016 ICA Amendment Effective Date, any Senior Secured Notes Document;
- (c) any Hedging Agreement;
- (d) after the 2016 ICA Amendment Effective Date, any Pari Passu Debt Document; and
- (e) any other agreement or document designated a **“Senior Secured Finance Document”** in writing by the Facility Agent and UPC Broadband.

“Senior Secured Notes” means:

- (a) any notes issued after the 2016 ICA Amendment Effective Date:
 - (i) where the incurrence of any Financial Indebtedness under such notes would not result in the ratio of:
 - (A) Senior Net Debt to Annualised EBITDA being greater than 4.50:1; or
 - (B) Total Net Debt to Annualised EBITDA being greater than 5.50:1,in each case, on a pro forma basis (taking into account the issuance of such notes and the use of proceeds of such notes and not taking into account the cash proceeds of such notes but after giving pro forma effect to any movement of cash out of the Borrower Group since the date on which Senior Net Debt and/or Total Net Debt is calculated pursuant to any Permitted Payments);
 - (ii) that are issued by UPC Broadband, any Borrower, any Permitted Affiliate Parent or any other SSN Finance Subsidiary;
 - (iii) having a final maturity (with no sinking fund payments) of no earlier than the latest Final Maturity Date then existing at the time of the issuance of such notes;
 - (iv) in respect of which the “cross-default” event of default with respect to a default under other indebtedness shall be limited to cross-default to any payment default (subject to any applicable grace period) and cross-acceleration;
 - (v) in respect of which some or all of the Obligors have granted security and guarantees on the terms specified in the Intercreditor Agreement; and
 - (vi) that are designated as **“Senior Secured Notes”** (i) by written notice from UPC Broadband to the Facility Agent, and (ii) in accordance with the Intercreditor Agreement including by written notice from UPC Broadband to the Facility Agent and the Security Agent, in each case, by the date when the consolidated financial statements are due to be provided pursuant to Clause 19.2 (*Financial information*) for the first full Financial Quarter after the issuance of the relevant notes,

(b) any Senior Secured Notes Refinancing.

“Senior Secured Notes Documents” means any Senior Secured Notes and any indenture for any Senior Secured Notes, the Intercreditor Agreement, any guarantee given by any member of the Borrower Group in respect of any Senior Secured Notes, any security documents granting security in favour of the holders of any Senior Secured Notes (or any trustee for such holders or security agent or trustee for such holders or trustee), any note depository agreement, any fee letter and any indemnity letter in relation thereto.

“Senior Secured Notes Refinancing” means any notes issued by UPC Broadband, any Borrower, any Permitted Affiliate Parent or any other SSN Finance Subsidiary at any time after the 2016 ICA Amendment Effective Date, for the purposes of refinancing all or a portion of:

(a) the Senior Secured Notes; or

(b) the Facilities; or

(c) any other Financial Indebtedness of the Borrower Group which is secured and ranks *pari passu* as to right of payment with the Facilities pursuant to and in compliance with the terms of the Intercreditor Agreement,

(provided that, in each case, that such Financial Indebtedness being refinanced would have been permitted to be incurred at the time of issuance of any such notes), in each case, outstanding from time to time (including all fees, expenses, commissions, make-whole and any other contractual premium payable under such Financial Indebtedness being refinanced and any reasonable fees, costs and expenses incurred in connection with such refinancing) and designated as **“Senior Secured Notes Refinancing”** by written notice from UPC Broadband to the Facility Agent and the Security Agent by the date when the consolidated financial statements are due to be provided pursuant to Clause 19.2 (*Financial information*) for the first full Financial Quarter after the issuance of the relevant notes, in respect of which the following terms apply:

- (i) the principal amount of any such notes shall not exceed the principal amount of, and any outstanding interest on, the Financial Indebtedness being refinanced (plus all fees, expenses, commissions, make-whole or other contractual premium payable in connection with such refinancing) unless any excess principal amount otherwise constitutes Senior Secured Notes meeting the conditions set out in paragraph (a)(i) of the definition of Senior Secured Notes; and
- (ii) such notes satisfy the requirements of paragraphs (a) (ii), (iii), (iv), (v) and (vi) of the definition of **“Senior Secured Notes”**.

“Senior Unsecured Notes” means:

(a) any notes:

- (i) where the incurrence of Financial Indebtedness under such notes would not result in the pro forma ratio (giving effect to such incurrence and the ultimate use of proceeds thereof, which shall not include any cash balances) on the Quarter Date prior to such incurrence (giving pro forma effect to any movement of cash out of the Borrower Group since such date pursuant to any Permitted Payments) of Total Net Debt to Annualised EBITDA being greater than 5.50:1 following such incurrence;
- (ii) issued by UPC Broadband Holdco or any Permitted Affiliate Holdco pursuant to a Senior Unsecured Offering at any time after the 2016 ICA Amendment Effective Date;
- (iii) having a final maturity (with no sinking fund payments) of no earlier than the latest Final Maturity Date then existing at the time of the issuance of such notes;
- (iv) in respect of which the “cross-default” event of default with respect to a default under other indebtedness shall be limited to cross-default to any payment default and cross-acceleration;
- (v) that are not secured by any Security Interest over any shares in any member of the Borrower Group, any asset of any member of the Borrower Group or any rights of any creditor in relation to any Subordinated Shareholder Loans;
- (vi) that, if guaranteed by any member of the Borrower Group, such guarantee or guarantees so provided are granted on subordination and release terms and subject to the terms of the Intercreditor Agreement; and
- (vii) that are designated as:

- (A) “Senior Unsecured Notes” and “Holdco Debt” by written notice from UPC Broadband to the Facility Agent and the Security Agent; and
- (B) “Senior Unsecured Notes” in accordance with the Intercreditor Agreement including by written notice from UPC Broadband to each Agent (as defined in the Intercreditor Agreement),

in each case, by the date when the consolidated financial statements are due to be provided pursuant to Clause 19.2 (*Financial information*) for the first full Financial Quarter after the issuance of the relevant notes, and;

- (b) any Senior Unsecured Refinancing.

“**Senior Unsecured Offering**” means one or more offerings of Senior Unsecured Notes on a registration statement filed with the SEC or pursuant to an exemption from registration under the United States Securities Act of 1933, as amended, including pursuant to Rule 144A and/or Regulation S under the United States Securities Act of 1933, as amended.

“**Senior Unsecured Refinancing**” means any Financial Indebtedness incurred by UPC Broadband Holdco or any Permitted Affiliate Holdco at any time after the 2016 ICA Amendment Effective Date, for the purposes of refinancing all or a portion of any Senior Unsecured Notes and/or any Senior Unsecured Refinancing and/or any Senior Secured Notes and/or any Financial Indebtedness permitted to be incurred or outstanding pursuant to Clause 19.13 (*Restrictions on Financial Indebtedness*) in each case, including any Financial Indebtedness incurred for the purpose of the payment of all principal, interest, fees, expenses, commissions, make-whole and any other contractual premium payable under such Financial Indebtedness being refinanced and any reasonable fees, costs and expenses incurred in connection with such refinancing, in respect of which the following terms apply:

- (a) the principal amount of any such Financial Indebtedness shall not exceed the principal amount of, and any outstanding interest on, the Financial Indebtedness being refinanced (plus all fees, expenses, commissions, make-whole or other contractual premium payable in connection with such refinancing) unless any excess principal amount otherwise constitutes Senior Unsecured Notes meeting the conditions set out in paragraph (a) of the definition of Senior Unsecured Notes;
- (b) that, if guaranteed, by any member of the Borrower Group such guarantee or guarantees so provided are granted on subordination and release terms and subject to the terms of the Intercreditor Agreement; and
- (c) are not secured by any Security Interest over any shares in any member of the Borrower Group, any asset of any member of the Borrower Group or any rights of any creditor in relation to any Subordinated Shareholder Loans,

provided that such Financial Indebtedness is designated as (i) “Senior Unsecured Refinancing” and “Holdco Debt” by written notice from UPC Broadband to the Facility Agent and the Security Agent and (ii) “Senior Unsecured Notes” in accordance with the Intercreditor Agreement including by written notice from UPC Broadband to each Agent (as defined in the Intercreditor Agreement), in each case, by the date when the consolidated financial statements are due to be provided pursuant to Clause 19.2 (*Financial information*) for the first full Financial Quarter after the incurrence of the relevant Financial Indebtedness.

“**Shareholder**” means LGEF or an LGEF Subsidiary.

“**Signing Date**” means 16 January 2004.

“**Solvent Liquidation**” has the meaning given to such term in Clause 19.30 (*Internal Reorganisations*).

“**Specified Time**” means a time determined in accordance with Schedule 10 (*Timetable*).

“**SSN Finance Subsidiary**” means any Subsidiary directly and wholly-owned by UPC Broadband or any Subsidiary directly and wholly-owned by any Permitted Affiliate Parent, in each case is engaged in the business of effecting or facilitating the issuance of Senior Secured Notes and on-lending the proceeds to any other member of the Borrower Group and in either case having no Subsidiaries.

“**Standard & Poor’s**” means Standard & Poor’s Ratings Group or any successor thereof.

“**Subordinated Creditor**” means any Restricted Person who has, at any relevant time, entered into a Pledge of Subordinated Shareholder Loans and is a party to, or has acceded to, the Intercreditor Agreement.

“Subordinated Shareholder Loans” means any Financial Indebtedness of any member of the Borrower Group owed to a Subordinated Creditor.

“Subscriber” means any person who has entered into an agreement (which has not expired or been terminated) with an Obligor to be provided with services by an Obligor through the operation of telecommunications and/or television systems operated by the Borrower Group in accordance with applicable Telecommunications and Cable Laws (including any part of such system and all modifications, substitutions, replacements, renewals and extensions made to such systems).

“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).

“Successor Entity” has the meaning given to such term in Clause 19.30 (*Internal Reorganisations*).

“Target” means any assets or entity which is or are the subject of an Acquisition in accordance with the terms of this Agreement.

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilise a single shared platform and which was launched on 19 November 2007.

“TARGET Day” means any day on which TARGET2 is open for the settlement of payments in Euro.

“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.

“Tax Credit” means a credit against, relief or remission for, or repayment of any tax.

“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.

“Term” means the period from the date of the issuance of a Documentary Credit until its Expiry Date.

“Term Facility” means an Additional Facility pursuant to which one or more Term Facility Advances has been or may be made.

“Term Facility Advance” means any Advance (other than any Advance under any Revolving Facility), and **“Term Facility Advances”** shall be construed accordingly.

“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 Assets” means the consolidated total assets of the Borrower Group as shown on the most recent balance sheet (excluding the footnotes thereto) of the Borrower Group delivered in accordance with Clause 19.2(a)(i) or 19.2(a)(ii) (*Financial information*), as applicable, (and, in the case of any determination relating to any incurrence of indebtedness or any investment, on a *pro forma* basis including any property or assets being acquired in connection therewith).

“Total Commitments” means the aggregate for the time being of the aggregate Total Additional Facility Commitments for all Additional Facilities as the same may be increased or reduced in accordance with this Agreement.

“Total Debt” has the meaning given to such term in Clause 20.1 (*Financial definitions*).

“Total Net Debt” has the meaning given to such term in Clause 20.1 (*Financial definitions*).

“Transfer Agreement” means a duly completed assignment and assumption substantially in the form set out at Part 2 of Schedule 4 (*Transfer Agreement*).

“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 paragraph (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) UPC Holding; and
- (b) any other company of which UPC Broadband is a Subsidiary and which is a Subsidiary of UPC Holding.

“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 paragraph (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.

“Ultimate Parent” means:

- (a) Liberty Global PLC, together with its successors;
- (b) following consummation of a Spin-Off, the Spin Parent and its successors; and
- (c) following consummation of a Parent Joint Venture Transaction, each of the ultimate Holding Companies of the Parent Joint Venture Holders and their successors.

“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 (other than any Ancillary Facility Document).

“Unrestricted Subsidiary” means each Subsidiary of UPC Broadband or any Subsidiary of any Permitted Affiliate Parent which is not an Obligor which is designated by UPC Broadband or any Permitted Affiliate Parent 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 Broadband Holdco” means the immediate Holding Company of UPC Broadband from time to time, being UPC Holding as of the Signing Date.

“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, Suite 1300, Denver, Colorado 80237, United States.

“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 such term in Clause 21.6(e) (*Insolvency*).

“**Utilisation**” means the utilisation of a Facility under this Agreement, whether by way of an Advance, the issue of a Documentary Credit or the utilisation of an Ancillary Facility.

“**Utilisation Date**” means:

- (a) in relation to an Advance, the date on which such Advance is (or is requested) to be made;
- (b) in relation to a utilisation by way of Ancillary Facility, the date on which such Ancillary Facility is established; and
- (c) in relation to a utilisation by way of Documentary Credit, the date on which such Documentary Credit is to be issued, in each case,

in accordance with the terms of this Agreement.

“**VAT**” means value added or similar tax.

“**Vendor Financing Arrangements**” means any arrangement, contractual or otherwise, pursuant to which credit or other financing is provided or arranged by a supplier (or any of its Affiliates) of assets (including equipment) and/or related services to a member of the Borrower Group in connection with such supply of assets and/or services.

“**Website Lenders**” has the meaning given to such term in Clause 36.3(a) (*Use of Websites/E-mail*).

“**Weighted Average Life to Maturity**” means, when applied to any Financial Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining scheduled installment, sinking fund, serial maturity or other required scheduled payments of principal, including payment at final scheduled maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (ii) the then outstanding principal amount of such Financial Indebtedness; *provided* that the effects of any prepayments made on such Financial Indebtedness shall be disregarded in making such calculation.

“**Western Europe**” means the countries that comprise: (a) 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 (b) Norway and Switzerland.

“**Wider Group**” means:

- (a) 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; and
- (b) following consummation of a Parent Joint Venture Transaction, each of the ultimate Holding Companies of the Parent Joint Venture Holders, the Parent Joint Venture Holders and the Joint Venture Parent and, in each case, their successors and their 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;
- (ii) “**amendment**” includes a supplement, novation or re-enactment and “**amended**” is to be construed accordingly;
- (iii) “**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;
- (iv) a Borrower providing “**cash cover**” for a Documentary Credit or an Ancillary Facility means that Borrower paying an amount in the currency of the Documentary Credit (or, as the case may be, Ancillary Facility) to an interest-bearing account in the name of that Borrower and the following conditions being met:
 - (A) the account is with the Security Agent or with the L/C Bank or Ancillary Facility Lender for which that cash cover is to be provided;

- (B) subject to Clause 6.9(b) (*Cash Cover by Borrower*), until no amount is or may be outstanding under that Documentary Credit or Ancillary Facility, withdrawals from the account may only be made to pay a Finance Party amounts due and payable to it under this Agreement in respect of that Documentary Credit or Ancillary Facility; and
- (C) that Borrower has executed a Security Document over that account, in form and substance satisfactory to the Security Agent or the L/C Bank or Ancillary Facility Lender with which that account is held, creating a first ranking Security Interest over that account;
- (v) a “**Default**” (other than an Event of Default) is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been remedied or waived;
- (vi) 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;
- (vii) “**European interbank market**” means the interbank market for Euro operating in Participating Member States;
- (viii) 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;
- (ix) “**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;
- (x) 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;
- (xi) a Lender’s “**participation**” in relation to a Documentary Credit, shall be construed as a reference to the relevant amount that is or may be payable by that Lender in relation to that Documentary Credit;
- (xii) “**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;
- (xiii) a “**person**” includes any individual, firm, company, corporation, unincorporated body of persons or any state or any of its agencies;
- (xiv) a Borrower “**repaying**” or “**prepaying**” a Documentary Credit or Ancillary Facility Outstandings means:
 - (A) that Borrower providing cash cover for that Documentary Credit or in respect of the Ancillary Facility Outstandings;
 - (B) the maximum amount payable under the Documentary Credit or Ancillary Facility being reduced or cancelled in accordance with its terms; or
 - (C) the relevant L/C Bank or Ancillary Facility Lender being satisfied that it has no further liability under that Documentary Credit or Ancillary Facility, and the amount by which a Documentary Credit is, or Ancillary Facility Outstandings are, repaid or prepaid under paragraphs (A) and (B) above is the amount of the relevant cash cover or reduction;
- (xv) an amount “**borrowed**” includes any amount utilised by way of Documentary Credit or under an Ancillary Facility;
- (xvi) a reference to a party to any Finance Document shall be construed so as to include its respective and any subsequent successors, transferees, permitted assigns and merged entities;
- (xvii) a Lender funding its participation in a Utilisation includes a Lender participating in a Documentary Credit;

- (xviii) an “**outstanding amount**” of a Documentary Credit at any time is the maximum amount that is or may be payable by a Borrower in respect of that Documentary Credit at that time;
- (xix) 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 15 (*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;
- (xx) a provision of a law is a reference to that provision as amended, re-enacted or extended;
- (xxi) a Clause or a Schedule is a reference to a clause of or a schedule to this Agreement;
- (xxii) a person includes its successors, transferees and assigns;
- (xxiii) (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 requisite Lenders or the Majority Lenders (as the case may be);
- (xxiv) unless otherwise specified, a time of day is a reference to London time;
- (xxv) words importing the plural include the singular and vice versa; and
- (xxvi) “**the date of this Agreement**” means the original date of this Agreement, being 16 January 2004; and
- (xxvii) “**wholly-owned Subsidiary**” means, in respect of any Person:
 - (A) a Person all of the Capital Stock of which (other than (x) directors’ qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law, regulation or to ensure limited liability and (y) in the case of an Asset Securitisation Subsidiary, shares held by a Person that is not an Affiliate of UPC Broadband solely for the purpose of permitting such Person (or such person’s designee) to vote with respect to customary major events with respect to such Asset Securitisation Subsidiary, including without limitation the institution of bankruptcy, insolvency or other similar proceedings, any merger or dissolution, and any change in charter documents or other customary events), is owned by that Person directly; or
 - (B) a Person all of the Capital Stock of which is owned indirectly by a Person that satisfies the requirements of sub-paragraph (A) above.
- (b) When determining the Euro equivalent amount for any purpose other than under Clause 20 (*Financial Covenant*), the Facility Agent shall determine the amount of (i) any undrawn Commitments denominated in US Dollars or any other Additional Currency on the basis of the Agent’s Spot Rate of Exchange on the date of the relevant Additional Facility Accession Agreement (in the case of an Additional Facility); and (ii) any participations in Utilisations denominated in US Dollars or Additional Currency or Optional Currency 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 Utilisation.
- (c) 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.
- (d) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.
- (e) 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.
- (f) 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.

- (g) Where paragraph or clause numbers have changed in this Agreement as a result of the amendments to this Agreement implemented on the 2016 First Amendment Effective Date and the 2016 Second Amendment Effective Date, and such paragraph and clause numbers are referred to in any Finance Document in force on the 2016 First Amendment Effective Date or the 2016 Second Amendment Effective Date (as applicable), such paragraph or clause numbers shall be read and construed in this Agreement, for the purposes of the relevant Finance Document only, so that the relevant equivalent provision in this Agreement is referred to in each such 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.

1.4 Permitted Affiliate Group Designation Date

On and from any Permitted Affiliate Group Designation Date any obligation in this Agreement of UPC Broadband to procure that members of the Borrower Group comply with any covenant shall be construed such that UPC Broadband shall be obliged to procure that only its Subsidiaries that are members of Borrower Group comply with that obligation and the relevant Permitted Affiliate Parent shall be obliged to procure that its Subsidiaries that are members of Borrower Group comply with that obligation.

2. THE FACILITIES

2.1 [Intentionally left blank]

2.2 Increase

- (a) In addition to paragraph (b) below, UPC Broadband may with the prior consent of a Lender, any bank, financial institution, trust, fund or any other entity selected by UPC Broadband (each an **"Increase Lender"**) and by giving 10 Business Days prior notice to the Facility Agent, increase the Commitments under any Facility by including any new Commitments of any Increase Lender provided that:
- (i) no Event of Default is continuing;
 - (ii) the terms of that Facility provide that no Utilisation may be made if, at the time of such Utilisation, an Event of Default is continuing or would result from such Utilisation;
 - (iii) it shall be a condition to any Utilisation (other than in relation to a Rollover Advance) of any new Commitment that UPC Broadband shall certify in the relevant Request that the aggregate principal amount to be drawn would not exceed, *mutatis mutandis*, the Additional Facilities Cap; and
 - (iv) each Borrower for that Facility is or becomes an Obligor.
- (b) UPC Broadband may by giving prior notice to the Facility Agent by no later than the date falling 30 Business Days after the effective date of a cancellation of:
- (i) the Available Commitments of a Defaulting Lender in accordance with Clause 10.8 (*Right of Cancellation in Relation to a Defaulting Lender*); or
 - (ii) the Commitments of a Lender in accordance with Clause 16.1 (*Illegality*) and Clause 16.2 (*Illegality in Relation to an L/C Bank*),
- request that the Commitments relating to any Facility be increased (and the Commitments under that Facility shall be so increased) in an aggregate amount in the relevant currency of up to the amount of the Available Commitments or Commitments relating to that Facility so cancelled.
- (c) The increased Commitments will be assumed by one or more Increase Lenders selected by UPC Broadband each of which confirms its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume as if it had been an Original Lender; each of the Obligors and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender.

- (d) Each Increase Lender shall become a party to this Agreement as a “Lender” and any Increase Lender and each of the other relevant Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those relevant Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender.
- (e) The Commitments of the other Lenders shall continue in full force and effect.
- (f) An increase in the Commitments shall take effect on the date specified by UPC Broadband in the notice referred to above or any later date on which the conditions set out in paragraph (g) below are satisfied.
- (g) An increase in the Commitments will only be effective on:
 - (i) the execution by the Facility Agent of an Increase Confirmation from the relevant Increase Lender;
 - (ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase:
 - (A) the Increase Lender entering into the documentation required for it to accede as a party to the Intercreditor Agreement; and
 - (B) the performance by the Facility Agent of all necessary “know your client” or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender, the completion of which the Facility Agent shall promptly notify to UPC Broadband, the Increase Lender and each L/C Bank; and
 - (iii) each participating Lender consenting to such increase.
- (h) UPC Broadband may pay to any Increase Lender a fee in the amount and at the times agreed between UPC Broadband and the Increase Lender.
- (i) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.
- (j) The execution by UPC Broadband of an Increase Confirmation constitutes confirmation by each Guarantor that its obligations under Clause 17 (*Guarantee*) shall continue unaffected except that those obligations shall extend to the Total Commitments as increased by the addition of the new Commitments of any Increase Lender and shall be owed to each Finance Party including the relevant Lender.
- (k) Paragraphs (f) 29.3(f) to (h) of Clause 29.3 (*Transfers by Lenders*) shall apply *mutatis mutandis* in this Clause 2.2 (*Increase*) in relation to an Increase Lender as if references in that Clause to:
 - (i) an “Existing Lender” were references to all the Lenders immediately prior to the relevant increase;
 - (ii) the “New Lender” were references to that “Increase Lender”; and
 - (iii) a “re-transfer” and “re-assignment” were references to respectively a “transfer” and “assignment”.

2.3 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. 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 under an Additional Facility shall become a party to this Agreement and be entitled to share in the Security in accordance with the terms of the Intercreditor Agreement and the Security Documents *pari passu* with the Lenders under the other Facilities provided that UPC Broadband and the relevant Lenders may agree that an Additional Facility shares in the Security on a junior basis to the other Facilities (provided that any Additional Facility which is secured on a junior ranking basis over assets subject to Security must be granted on terms where the rights of the Lenders under such

Additional Facility are subordinated to the rights of other Lenders under the Intercreditor Agreement) which, if so agreed, shall be set out in the relevant Additional Facility Accession Agreement.

- (d) Subject to paragraphs (g) and (h) below, each Lender will grant to the relevant Borrower a term loan facility or a revolving loan facility (which may include any Ancillary Facility or Documentary Credit facility) (an “**Additional 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.
- (e) On the date that the Facility Agent executes an Additional Facility Accession Agreement:
 - (i) each Lender party to that Additional Facility Accession Agreement, each other Finance Party, UPC Broadband and the Obligors shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had each Lender been a Lender on the Effective Date, with the rights and/or obligations assumed by it as a result of that accession and with the Commitment specified by it as its Additional Facility Commitment; and
 - (ii) each Additional Facility Lender shall become a party to this Agreement as a “**Lender**”.
- (f) 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 17 (*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.
- (g) Subject to paragraph (h) below, the aggregate principal amount of any proposed Additional Facility shall not exceed the aggregate of the sum of:
 - (i) an unlimited amount, provided that on the date of such incurrence and after giving effect to the making of any Additional Facility (assuming a borrowing of the maximum amount of Advances available under any such Additional Facility being incurred and no netting of cash proceeds of any such Additional Facility being incurred) pursuant to an Additional Facility Accession Agreement on a pro forma basis, Senior Net Debt to Annualised EBITDA is equal to or less than 4.50:1;
 - (ii) if the proceeds of the Additional Facility are being used to refinance existing indebtedness that ranks *pari passu* or senior in right of security to the Facilities, an amount equal to the accrued interest, premiums and other amounts owing or paid relating to such existing indebtedness together with related fees and expenses; and
 - (iii) any amount of Financial Indebtedness available to be incurred pursuant to paragraph 19.13(b)(xxvii) of the definition of Permitted Financial Indebtedness,provided, that (x) any Additional Facility may be incurred under any of the above sub-paragraphs as selected by UPC Broadband, in its sole discretion, (y) UPC Broadband may elect to incur Additional Facilities under sub-paragraph (i) prior to using amounts available under sub-paragraph (iii) and (z) amounts incurred pursuant to sub-paragraph (iii) substantially concurrently with amounts incurred pursuant to sub-paragraph (i) will not count as Financial Indebtedness for the purposes of calculating Senior Net Debt,
(the “**Additional Facilities Cap**”).
- (h) There shall be no limit on the aggregate principal amount of any proposed Additional Facility (a “**Refinancing Additional Facility**”) to the extent established in exchange for, or to extend, renew, replace, repurchase, retire or refinance, in whole or in part, existing Advances or Commitments (the “**Refinanced Debt**”) provided that if the obligations under such Refinancing Additional Facility do not rank equal to or junior to such existing Advances and Commitments the principal amount of such Refinancing Additional Facility shall not exceed an amount equal to the Additional Facilities Cap (or its equivalent in other currencies). A Refinancing Additional Facility may only be established if the following conditions are met:
 - (i) it provides for Additional Facility Commitments which are in an aggregate principal amount that is not less than:
 - (A) in the case of any Revolving Facility, €1,000,000 (where the Refinancing Additional Facility is denominated in Euros) or US\$1,000,000 (where the Refinancing Additional Facility is denominated in US Dollars);

- (B) in the case of any Term Facility, €15,000,000 (where the Refinancing Additional Facility is denominated in Euros) or US\$1,000,000 (where the Refinancing Additional Facility is denominated in US Dollars),

in each case provided that such amount may be less than €1,000,000 US\$1,000,000, €15,000,000 and US\$15,000,000, respectively, if such amount is equal to the entire outstanding principal amount of the Refinanced Debt;

- (ii) in the case of Refinancing Additional Facilities which are Term Facilities:

- (A) as of the effective date of the relevant Additional Facility Accession Agreement (the “**Refinancing Additional Facility Effective Date**”), it does not have a final maturity date earlier than the applicable final maturity date in respect of the Refinanced Debt;
- (B) as of the Refinancing Additional Facility Effective Date, it does not have a Weighted Average Life to Maturity shorter than the remaining Weighted Average Life to Maturity of the Refinanced Debt;
- (C) if it ranks junior in right of security, it participates on a junior basis with respect to voluntary prepayments or cancellations and mandatory prepayments of term loans;
- (D) it does not have a greater principal amount than the principal amount of the Refinanced Debt plus accrued interest, fees, premiums (if any) and penalties thereon and reasonable fees, expenses, OID and upfront fees associated with the refinancing of the Refinanced Debt;
- (E) it ranks *pari passu* or junior in right of payment with any Additional Facility Commitments which are senior in right of payment and shall rank *pari passu* or junior in right of Security with the Additional Facility Commitments which are secured on a first ranking basis in accordance with the terms of the Intercreditor Agreement or other intercreditor agreement or arrangement reasonably satisfactory to the Borrower and the Facility Agent; and
- (F) to the extent applicable, it is subject to the Intercreditor Agreement; and

- (iii) in the case of Refinancing Additional Facilities which are Revolving Facilities:

- (A) it ranks *pari passu* or junior in right of payment with the Additional Facility Commitments that are senior in right of payment and shall rank *pari passu* in right of Security with the Additional Facility Commitments which are secured on a first ranking basis;
- (B) it does not have a final maturity date or commitment reduction date earlier than the final maturity date or commitment reduction date, respectively, in respect of the Refinanced Debt;
- (C) it provides that the borrowing and repayment (other than in respect of (i) payment of interest and fees at different rates on Refinancing Additional Facilities that are Revolving Facilities, (ii) repayments required upon the final maturity date of a Revolving Facility and (iii) repayment made in connection with a permanent repayment and termination of commitments of Advances with respect to Refinancing Additional Facilities that are Revolving Facilities after the Refinancing Additional Facility Effective Date shall be made on a pro rata basis or less than a pro rata basis (but not more than a pro rata basis) with all other Revolving Facilities then existing on the Refinancing Additional Facility Effective Date;
- (D) it provides that assignments and participations of Refinancing Additional Facilities that are Revolving Facilities shall be governed by the same assignment and participation provisions applicable to the Revolving Facilities then existing on the Refinancing Additional Facility Effective Date;
- (E) it does not have a greater principal amount of Additional Facility Commitments than the principal amount of the Refinanced Debt and accrued interest, fees, premiums (if any) and penalties thereon and reasonable fees, expenses, OID and upfront fees associated with the refinancing of the Refinanced Debt; and
- (F) it shall be subject to the Intercreditor Agreement.

2.4 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.

2.5 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 which are Revolving Facilities) and no more than ten Advances may be outstanding at any one time under each Additional Facility which is a Revolving Facility.

2.6 Nature of a Finance Party's rights and obligations

- (a) The obligations of a Finance Party under the Finance Documents are several. Failure of a Finance Party to carry out those obligations does not relieve any other Party of its obligations under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of a Finance Party under the Finance Documents are divided rights. A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce those rights.
- (c) Each of the Obligors and each of the Finance Parties agrees that the Security Agent shall be the joint and several creditor (*hoofdelijk crediteur*) of each and every obligation of any Obligor towards each of the Finance Parties under any Finance Document, and that accordingly the Security Agent will have its own independent claim as creditor and not as agent against each Obligor to demand performance by the relevant Obligor of those obligations. However, any discharge of any such obligation to either of the Security Agent or the relevant Finance Party shall, to the same extent, discharge the corresponding obligation owing to the other.
- (d) Without limiting or affecting the Security Agent's rights against any Obligor (whether under this paragraph or under any other provision of the Finance Documents), the Security Agent agrees with each other Finance Party (on a several and divided basis) that, subject as set out in the next sentence, it will not exercise its rights as a joint and several creditor with a Finance Party except with the prior written consent of the relevant Finance Party. However, for the avoidance of doubt, nothing in the previous sentence shall in any way limit the Security Agent's right to act in the protection or preservation of rights under or to enforce any Security Document or the Intercreditor Agreement as contemplated by the Finance Documents (or to do any act reasonably incidental to any of the foregoing).

2.7 UPC Broadband as Obligors' agent

Each Obligor:

- (a) irrevocably authorises and instructs UPC Broadband to give and receive as agent on its behalf all notices (including Requests) and sign all documents in connection with the Finance Documents on its behalf (including but not limited to amendments and variations and execution of any new Finance Documents) and take such other action as may be necessary or desirable under or in connection with the Finance Documents; and
- (b) confirms that it will be bound by any action taken by UPC Broadband under or in connection with the Finance Documents.

2.8 Actions of UPC Broadband as Obligors' agent

The respective liabilities of each of the Obligors under the Finance Documents shall not be in any way affected by:

- (a) any irregularity (or purported irregularity) in any act done by or any failure (or purported failure) by UPC Broadband;
- (b) UPC Broadband acting (or purporting to act) in any respect outside any authority conferred upon it by any Obligor; or

- (c) the failure (or purported failure) by or inability (or purported inability) of UPC Broadband to inform any Obligor of receipt by it of any notification under this Agreement or any other Finance Document.

3. PURPOSE

3.1 Purpose

Each Utilisation 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.

3.2 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 Utilisation.

4. CONDITIONS PRECEDENT

4.1 Conditions precedent documents

- (a) No Borrower may draw a Utilisation 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.
- (b) The Facility Agent will confirm to UPC Broadband and to the Existing Facility Agents that it has received the documents referred to in paragraph (a) 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 to participate in any Advance and each L/C Bank to issue a Documentary Credit are subject to the further conditions precedent that:

- (a) in the case of a Rollover Advance or a Documentary Credit which is being renewed pursuant to Clause 6.2 (*Renewal of Documentary Credits*), on both the date of the Request and on the proposed Utilisation Date for that Advance or Documentary Credit, the Facility Agent shall not have received instructions from the relevant Revolving Facility Instructing Group requiring the Facility Agent to refuse such rollover or renewal of a Documentary Credit, in each case, by reason of the Acceleration Date having occurred;
- (b) in any other case, on both the date of the Request and on the proposed Utilisation Date for that Advance or Documentary Credit:
 - (i) the representations and warranties in Clause 18 (*Representations and Warranties*) to be repeated on those dates are and will be immediately after the relevant Advance is drawn down or Documentary Credit is issued correct in all material respects; and
 - (ii) no Default is continuing or would result from the proposed Advance or Documentary Credit,provided that, in relation to any Advance or Documentary Credit under an Additional Facility in relation to a Limited Condition Transaction, the Lenders under that Additional Facility may agree to amend or waive any of the conditions under paragraphs (i) and (ii) above;
- (c) in the case of a Utilisation under a Maintenance Covenant Revolving Facility (other than in relation to a Utilisation (i) that is a Rollover Advance provided that the amount of the Maturing Advance is equal to or greater than the amount of that Rollover Advance or (ii) under any Additional Facility in relation to a Limited Condition Transaction), subject to the expiry of the cure period in Clause 20.4 (*Cure Provisions*), there is no subsisting breach of Clause 20 (*Financial Covenant*);
- (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;
- (e) in the case of a Utilisation by way of a Documentary Credit, the proposed Term of the Documentary Credit ends on or before the Final Maturity Date in respect of the relevant Additional Facility under which that Documentary Credit is issued and immediately after the making of the relevant Request there shall be no more than 25 Documentary Credits then outstanding; and

- (f) in the case of a Utilisation by way of a Documentary Credit which is not substantially in the form set out in Schedule 7 (*Form of Documentary Credit*), the relevant L/C Bank shall have approved the terms of such Documentary Credit (acting reasonably).

5. UTILISATIONS

5.1 Delivery of Request

Subject to the terms of this Agreement, an Advance will be made by the Lenders to the Borrower or a Documentary Credit will be issued by an L/C Bank at a Borrower's request if:

- (a) in the case of an Advance, the Facility Agent has received from such Borrower a duly completed Request in the relevant form; and
- (b) in the case of a Documentary Credit, both the Facility Agent and the relevant L/C Bank have received from such Borrower a duly completed Request in the relevant form,

in each case, (unless otherwise agreed with the Facility Agent (and, in relation to a Documentary Credit only, the L/C Bank)) by the Specified Time or (if applicable) by not later than the time specified in the relevant Additional Facility Accession Agreement;

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) or, in relation to a Revolving Facility, an Optional Currency);
- (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) in the case of a Documentary Credit, the proposed Euro Amount of such Documentary Credit which shall be a minimum of €1,000,000 or such lesser amount as the relevant L/C Bank may agree (acting reasonably);
- (e) the Interest Period of the Advance, which must be a period complying with Clause 11 (*Interest*) or the Expiry Date of the Documentary Credit (as applicable); and
- (f) 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 12 (*Payments*).

Subject to the terms of this Agreement, each Request shall be irrevocable and the relevant Borrower shall be bound to borrow an Advance or Documentary Credit (as applicable) 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) The Facility Agent shall determine the Euro Amount of each Advance under a Revolving Facility which is to be made in an Optional Currency and notify each Lender of the amount, currency and the Euro Amount of such Advance, the amount of its participation in that Advance and, if different, the amount of that participation to be made available in accordance with Clause 12.2 (*Funds*) by the Specified Time.

- (b) 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 12.2 (*Funds*) for disbursement to or to the order of the relevant Borrower in accordance with the provisions of this Agreement.
- (c) 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.
- (d) Advances denominated in Euro will only be made available in the Euro unit.

6. DOCUMENTARY CREDITS

6.1 Issue of Documentary Credits

- (a) Each L/C Bank shall issue Documentary Credits pursuant to Clause 4.2 (*Further Conditions Precedent*) by:
 - (i) completing the issue date and the proposed Expiry Date of any Documentary Credit to be issued by it; and
 - (ii) executing and delivering such Documentary Credit to the relevant Documentary Credit Beneficiary on the relevant Utilisation Date.
- (b) Each Lender having an Additional Facility Commitment in relation to a Revolving Facility (an "**L/C Lender**") will participate by way of indemnity in each Documentary Credit issued under the relevant Facility in an amount equal to its L/C Proportion.
- (c) The Facility Agent shall notify each L/C Lender and the relevant L/C Bank of the details of any requested Documentary Credit (including the Euro Amount of it, and, if such Documentary Credit is not to be denominated in Euro, the relevant currency in which it will be denominated and the amount of it) and its participation in that Documentary Credit.

6.2 Renewal of Documentary Credits

- (a) Each Borrower may request that a Documentary Credit issued on its behalf be renewed by delivering to the Facility Agent and the relevant L/C Bank a Renewal Request which complies with Clause 4.2 (*Further conditions precedent*) and Clause 5.2 (*Form of Request*).
- (b) The terms of each renewed Documentary Credit shall be the same as those of the relevant Documentary Credit immediately prior to its renewal, except that (as stated in the Renewal Request therefor):
 - (i) its amount may be less than the amount of such Documentary Credit immediately prior to its renewal; and
 - (ii) its Term shall start on the date which was the Expiry Date of that Documentary Credit immediately prior to its renewal, and shall end on the proposed Expiry Date specified in the Renewal Request.
- (c) If the conditions set out in this Clause 6.2 (*Renewal of Documentary Credits*) have been met, the relevant L/C Bank shall amend and re-issue the relevant Documentary Credit pursuant to a Renewal Request.

6.3 Reduction of a Documentary Credit

- (a) If, on the proposed Utilisation Date of a Documentary Credit, any of the Lenders under any Revolving Facility is a Non-Acceptable L/C Lender and:
 - (i) that Lender has failed to provide cash collateral to the relevant L/C Bank in accordance with Clause 6.8 (*Cash Collateral by Non- Acceptable L/C Lender*); and
 - (ii) either:
 - (A) the relevant L/C Bank has not required the relevant Borrower which requested the Documentary Credit to provide cash cover pursuant to Clause 6.9 (*Cash Cover by Borrower*); or

(B) the relevant Borrower which requested the Documentary Credit has failed to provide cash cover to the relevant L/C Bank in accordance with Clause 6.9 (*Cash Cover by Borrower*),

the relevant L/C Bank may reduce the amount of that Documentary Credit by an amount equal to the amount of the participation of that Non-Acceptable L/C Lender in respect of that Documentary Credit and that Non-Acceptable L/C Lender shall be deemed not to have any participation (or obligation to indemnify the relevant L/C Bank) in respect of that Documentary Credit for the purposes of the Finance Documents.

- (b) The relevant Borrower shall notify the Facility Agent (with a copy to the relevant L/C Bank) of each reduction made pursuant to this Clause 6.3 (*Reduction of a Documentary Credit*).
- (c) This Clause 6.3 (*Reduction of a Documentary Credit*) shall not affect the participation of each other Lender in that Documentary Credit.

6.4 Revaluation of Documentary Credits

- (a) If any Documentary Credit is denominated in a currency other than Euro, the Facility Agent shall at six monthly intervals after the date of the Documentary Credit recalculate the Euro Amount of that Documentary Credit by notionally converting into Euro, the outstanding amount of that Documentary Credit on the basis of the Agent's Spot Rate of Exchange on the date of calculation.
- (b) The relevant Borrower shall, if requested by the Facility Agent within two days of any calculation under paragraph (a) above, ensure that within three Business Days sufficient outstanding amounts under the Revolving Facility in relation to that Documentary Credit are repaid (subject to Break Costs, if applicable, but otherwise without penalty or premium which might otherwise be payable), to prevent the Euro Amount of the outstanding amounts under that Revolving Facility exceeding the aggregate amount of all of the Additional Facility Commitments in relation to that Revolving Facility adjusted to reflect any cancellations or reductions, following any adjustment under paragraph (a) above.

6.5 Immediately Payable

- (a) If a Documentary Credit or any amount outstanding under a Documentary Credit becomes immediately payable under this Agreement, the relevant Borrower that requested (or on behalf of which UPC Broadband requested) the issue of that Documentary Credit shall repay or prepay that Documentary Credit or that amount within three Business Days of demand.
- (b) Each L/C Bank shall promptly notify the Facility Agent of any demand received by it under and in accordance with any Documentary Credit (including details of the Documentary Credit under which such demand has been received and the amount demanded). The Facility Agent shall promptly notify UPC Broadband, the relevant Borrower for whose account the Documentary Credit was issued and each of the Lenders under the relevant Revolving Facility.

6.6 Claims Under a Documentary Credit

- (a) Each Borrower irrevocably and unconditionally authorises each L/C Bank to pay any claim made or purported to be made under a Documentary Credit requested by it (or by UPC Broadband on its behalf) and which appears on its face to be in order (a "**claim**").
- (b) Each Borrower shall within three Business Days of demand pay to the Facility Agent for the account of the relevant L/C Bank an amount equal to the amount of any claim under that Documentary Credit.
- (c) On receipt of any demand or notification under Clause 6.5 (*Immediately Payable*), the relevant Borrower shall (unless UPC Broadband notifies the Facility Agent otherwise) be deemed to have delivered to the Facility Agent a duly completed Request requesting an Advance under the relevant Revolving Facility:
 - (i) in an amount and currency equal to the amount and currency of the relevant claim (if applicable, net of any available cash cover);
 - (ii) for an Interest Period or Term of three months or such other period of up to six months as notified by the relevant Borrower to the relevant L/C Bank prior to the Utilisation Date applicable to such currency; and
 - (iii) with a Utilisation Date on the date of receipt of the relevant demand or notification.

The proceeds of any such Advance shall be used to pay the relevant claim.

- (d) Each Borrower acknowledges that each L/C Bank:
 - (i) is not obliged to carry out any investigation or seek any confirmation from any other person before paying a claim; and
 - (ii) deals in documents only and will not be concerned with the legality of a claim or any underlying transaction or any available set-off, counterclaim or other defence of any person.
- (e) The obligations of each Borrower under this Clause 6.6 (*Claims Under a Documentary Credit*) will not be affected by:
 - (i) the sufficiency, accuracy or genuineness of any claim or any other document; or
 - (ii) any incapacity of, or limitation on the powers of, any person signing a claim or other document.
- (f) Without prejudice to any other matter contained in this Clause 6.6 (*Claims Under a Documentary Credit*), the relevant L/C Bank shall notify the relevant Borrowers as soon as reasonably practicable after receiving a claim.

6.7 Documentary Credit Indemnities

- (a) The relevant Borrower shall within three Business Days of demand indemnify an L/C Bank against any cost, loss or liability incurred by such L/C Bank (otherwise than by reason of such L/C Bank's gross negligence, wilful misconduct or wilful breach of the terms of this Agreement) in acting as an L/C Bank under any Documentary Credit requested by such Borrower.
- (b) Each L/C Lender shall (according to its L/C Proportion) promptly on demand indemnify an L/C Bank against any cost, loss or liability incurred by such L/C Bank (otherwise than by reason of such L/C Bank's gross negligence, wilful misconduct or wilful breach of the terms of this Agreement) in acting as an L/C Bank under any Documentary Credit (except to the extent that such L/C Bank has been reimbursed by an Obligor pursuant to a Finance Document).
- (c) If any L/C Lender is not permitted (by its constitutional documents or any applicable law) to comply with paragraph (b) above, then that L/C Lender will not be obliged to comply with paragraph (b) above and shall instead be deemed to have taken, on the date the relevant Documentary Credit is issued (or if later, on the date that L/C Lender's participation in the Documentary Credit is transferred or assigned to that L/C Lender in accordance with the terms of this Agreement), an undivided interest and participation in the Documentary Credit in an amount equal to its L/C Proportion of that Documentary Credit. On receipt of demand from the Facility Agent, that L/C Lender shall pay to the Facility Agent (for the account of the relevant L/C Bank) an amount equal to its L/C Proportion of the amount demanded under paragraph (b) above.
- (d) The Borrower which requested the Documentary Credit shall within three Business Days of demand reimburse any L/C Lender for any payment it makes to an L/C Bank under this Clause 6.7 (*Documentary Credit Indemnities*) in respect of that Documentary Credit unless such Lender or an Obligor has already reimbursed such L/C Bank in respect of that payment.
- (e) The obligations of each L/C Lender and Borrower under this Clause 6.7 (*Documentary Credit Indemnities*) are continuing obligations and will extend to the ultimate balance of sums payable by that L/C Lender in respect of any Documentary Credit, regardless of any intermediate payment or discharge in whole or in part.
- (f) The obligations of any L/C Lender or Borrower under this Clause 6.7 (*Documentary Credit Indemnities*) will not be affected by any act, omission, matter or thing which, but for this Clause 6.7 (*Documentary Credit Indemnities*) would reduce, release or prejudice any of its obligations under this Clause 6.7 (*Documentary Credit Indemnities*) (without limitation and whether or not known to it or any other person) including:
 - (i) any time, waiver or consent granted to, or composition with, any Obligor, any beneficiary under a Documentary Credit or any other person;
 - (ii) the release of any Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Borrower Group;
 - (iii) 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, any beneficiary

under a Documentary Credit or any 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;

- (iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor, any beneficiary under a Documentary Credit or any other person;
- (v) any amendment or restatement (however fundamental) or replacement of a Finance Document, any Documentary Credit or any other document or security;
- (vi) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document, any Documentary Credit or any other document or security; or
- (vii) any insolvency or similar proceedings.

6.8 Cash Collateral by Non-Acceptable L/C Lender

- (a) If, at any time, a Lender under a Revolving Facility is a Non-Acceptable L/C Lender, the relevant L/C Bank may, by notice to that Lender, request that Lender to pay and that Lender shall pay, on or prior to the date falling three Business Days after the request by such L/C Bank, an amount equal to that Lender's L/C Proportion of the outstanding amount of a Documentary Credit issued by such L/C Bank and in the currency of that Documentary Credit to an interest-bearing account held in the name of that Lender with such L/C Bank.
- (b) The Non-Acceptable L/C Lender to whom a request has been made in accordance with paragraph (a) above shall enter into a security document or other form of collateral arrangement over the account, in form and substance satisfactory to the relevant L/C Bank, as collateral for any amounts due and payable under the Finance Documents by that Lender to the L/C Bank in respect of that Documentary Credit.
- (c) Until no amount is or may be outstanding under that Documentary Credit, withdrawals from the account may only be made to pay to the relevant L/C Bank amounts due and payable to the relevant L/C Bank by the Non-Acceptable L/C Lender under the Finance Documents in respect of that Documentary Credit.
- (d) Each Lender under a Revolving Facility shall notify the Facility Agent and UPC Broadband:
 - (i) on the date of this Agreement or on any later date on which it becomes such a Lender in accordance with Clause 2.2 (*Increase*) or Clause 29 (*Changes to the Parties*) whether it is a Non-Acceptable L/C Lender; and
 - (ii) as soon as practicable upon becoming aware of the same, that it has become a Non-Acceptable L/C Lender,

and an indication in a Novation Certificate, a Transfer Agreement or an Increase Confirmation to that effect will constitute a notice under paragraph (d)(i) to the Facility Agent and, upon delivery in accordance with Clause 29.11 (*Copy of Novation Certificate Transfer Agreement or Increase Confirmation to UPC Broadband*), to UPC Broadband.

- (e) Any notice received by the Facility Agent pursuant to paragraph (d) above shall constitute notice to each L/C Bank of that Lender's status and the Facility Agent shall, upon receiving each such notice, promptly notify each L/C Bank of that Lender's status as specified in that notice.
- (f) If a Lender who has provided cash collateral in accordance with this Clause 6.8 (*Cash Collateral by Non-Acceptable L/C Lender*):
 - (i) ceases to be a Non-Acceptable L/C Lender; and
 - (ii) no amount is due and payable by that Lender in respect of a Documentary Credit,

that Lender may, at any time it is not a Non-Acceptable L/C Lender, by notice to the relevant L/C Bank request that an amount equal to the amount of the cash provided by it as collateral in respect of that Documentary Credit (together with any accrued interest) standing to the credit of the relevant account held with that L/C Bank be returned to it and that L/C Bank shall pay that amount to the Lender within three Business Days after the request from the Lender (and shall cooperate with the Lender in order to procure that the relevant security or collateral arrangement is released and discharged).

6.9 Cash Cover by Borrower

- (a) If a Lender which is a Non-Acceptable L/C Lender fails to provide cash collateral (or notifies the relevant L/C Bank that it will not provide cash collateral) in accordance with Clause 6.8 (*Cash Collateral by Non-Acceptable L/C Lender*) and that L/C Bank notifies the Obligors' Agent (with a copy to the Facility Agent) that it requires the relevant Borrower of the relevant Documentary Credit or proposed Documentary Credit to provide cash cover to an account with that L/C Bank in an amount equal to that Lender's L/C Proportion of the outstanding amount of that Documentary Credit and in the currency of that Documentary Credit then that Borrower shall do so within five Business Days after the notice is given.
- (b) Notwithstanding Clause 1.2 (*Construction*), the relevant Borrower shall be entitled to withdraw amounts up to the level of that cash cover from the account if:
 - (i) the relevant L/C Bank is satisfied that the relevant Lender is no longer a Non-Acceptable L/C Lender;
 - (ii) the relevant Lender's obligations in respect of the relevant Documentary Credit are transferred to a New Lender in accordance with the terms of this Agreement; or
 - (iii) an Increase Lender has agreed to undertake the obligations in respect of the relevant Lender's L/C Proportion of the Documentary Credit.
- (c) To the extent that a Borrower has complied with its obligations to provide cash cover in accordance with this Clause 6.9 (*Cash Cover by Borrower*), the relevant Lender's L/C Proportion in respect of that Documentary Credit will remain (but that Lender's obligations in relation to that Documentary Credit may be satisfied in accordance Clause 1.2 (*Construction*)). However, the relevant Borrower's obligation to pay any Documentary Credit fee in relation to the relevant Documentary Credit to the Facility Agent (for the account of that Lender) in accordance with Clause 23 (*Fees*) will be reduced proportionately as from the date on which it complies with that obligation to provide cash cover (and for so long as the relevant amount of cash cover continues to stand as collateral).
- (d) The relevant L/C Bank shall promptly notify the Facility Agent of the extent to which the relevant Borrower provides cash cover pursuant to this Clause 6.9 (*Cash Cover by Borrower*) and of any change in the amount of cash cover so provided.

6.10 Rights of Contribution

No Obligor will be entitled to any right of contribution or indemnity from any Finance Party in respect of any payment it may make under this Clause 6 (*Documentary Credits*).

6.11 Appointment and Change of L/C Bank

- (a) UPC Broadband, with the prior written consent of the relevant Lender, may designate any Lender with an Additional Facility Commitment in relation to a Revolving Facility that permits Documentary Credits as an L/C Bank or as a replacement therefor, but not with respect to Documentary Credits already issued by any other L/C Bank.
- (b) Any Lender so designated shall become an L/C Bank under this Agreement by delivering to the Facility Agent an executed L/C Bank Accession Certificate.
- (c) An L/C Bank may resign as issuer of further Documentary Credits at any time if (i) UPC Broadband and the Majority Lenders consent to such resignation or so require; (ii) there is, in the reasonable opinion of each L/C Bank, an actual or potential conflict of interest in it continuing to act as L/C Bank; or (iii) its Additional Facility Commitment in relation to a relevant Revolving Facility is reduced to zero, provided that an L/C Bank shall not resign until a replacement L/C Bank is appointed.

7. ANCILLARY FACILITIES

7.1 Utilisation of Ancillary Facilities

- (a) Each Borrower may, subject to paragraph (b) below, at any time at least 35 days prior to the Final Maturity Date in respect of a Revolving Facility by delivery of a notice (a "**Conversion Notice**") to the Facility Agent, request an Ancillary Facility to be established by the conversion of any Lender's Available Additional Facility Commitment in relation to that Revolving Facility (or any part of it) into an Ancillary Facility Commitment with effect from the date (in this Clause 7 (*Ancillary Facilities*), the "**Ancillary Facilities Effective Date**") specified in the Conversion Notice (being a date not less than three Business Days after the date such Conversion Notice is received by the Facility Agent).

- (b) Each Conversion Notice shall specify:
- (i) the proposed Borrower(s) (or any Affiliate of the Borrower(s) that is a member of the Borrower Group) which may use the Ancillary Facility;
 - (ii) the nominated Ancillary Facility Lender;
 - (iii) the type of Ancillary Facility and the currency or currencies in which the relevant Borrower wishes such Ancillary Facility to be available;
 - (iv) the proposed Euro Amount of the original Ancillary Facility Commitment, being an amount (A) equal to the Available Additional Facility Commitment in relation to a Revolving Facility of the nominated Ancillary Facility Lender or, if less, (B) equal to or more than €1,000,000;
 - (v) the Ancillary Facilities Effective Date and expiry date for the Ancillary Facility (such expiry date not to extend beyond the Final Maturity Date in respect of the relevant Revolving Facility);
 - (vi) if the Ancillary Facility is an overdraft facility comprising more than one account, its maximum gross amount (that amount being the “**Designated Gross Amount**”) and its maximum net amount (that amount being the “**Designated Net Amount**”); and
 - (vii) such other details as to the nature, amount, fees for and operation of the proposed Ancillary Facility as the Facility Agent and the nominated Ancillary Facility Lender may reasonably require.
- (c) The Facility Agent shall promptly notify UPC Broadband, the nominated Ancillary Facility Lender and the Lenders of each Conversion Notice received pursuant to paragraph (a) above.
- (d) Any Lender nominated as an Ancillary Facility Lender which has notified the Facility Agent of its consent to such nomination shall be authorised to make the proposed Ancillary Facility available in accordance with the Conversion Notice (as approved by the Facility Agent) with effect on and from the Ancillary Facilities Effective Date. No other Lender shall be obliged to consent to the nomination of the Ancillary Facility Lender.
- (e) Any material variation from the terms of the Ancillary Facility or any proposed increase or reduction or extension of the Ancillary Facility Commitment shall be effected on and subject to the provisions of this Clause 7 (*Ancillary Facilities*) *mutatis mutandis* as if such Ancillary Facility were newly requested (including, for the avoidance of doubt, that such newly requested Ancillary Facility shall only take effect from a date not less than three Business Days after the date the Facility Agent has received notice of the modification or variation or extension), provided that the Euro Amount of the Ancillary Facility Outstandings under each Ancillary Facility provided by an Ancillary Facility Lender shall at no time exceed the Available Additional Facility Commitment in relation to the relevant Revolving Facility of that Ancillary Facility Lender.
- (f) Each relevant Borrower may (subject to compliance with the applicable terms of the relevant Ancillary Facility) at any time by giving written notice to the Facility Agent and the relevant Ancillary Facility Lender cancel any Ancillary Facility Commitment pursuant to and in accordance with Clause 10.2 (*Voluntary cancellation*), provided that on the date of such cancellation, that part of such Ancillary Facility Commitment as shall have been so cancelled shall be converted back into the Additional Facility Commitment in relation to the relevant Revolving Facility of the relevant Lender unless those Additional Facility Commitments are also cancelled on such date.
- (g) The Ancillary Facility Commitment of any Ancillary Facility Lender shall terminate and be cancelled on the date agreed therefor between the relevant Ancillary Facility Lender and the relevant Borrower, provided such date shall be no later than the Final Maturity Date in respect of the relevant Revolving Facility (the “**Ancillary Facility Termination Date**”). Any Ancillary Facility Outstandings on the applicable Ancillary Facility Termination Date shall be repaid in full by the relevant Borrower on such date.
- (h) The Additional Facility Commitment in relation to a Revolving Facility of each Lender at any time shall be reduced by the amount of any relevant Ancillary Facility Commitment of such Lender at such time but such reduced Commitment shall, subject to any other provisions of this Agreement, automatically be increased by the amount of any portion of its Ancillary Facility Commitment which ceases to be made available to the relevant Borrowers for any reason (other than as a result of an Advance of it) in accordance with the terms of such Ancillary Facility or is cancelled pursuant to paragraphs (f) or (g) above.

7.2 Operation of Ancillary Facilities

- (a) Subject to paragraph (b) below, the terms governing the operation of any Ancillary Facility (including the rate of interest (including default interest), fees, commission and other remuneration in respect of such Ancillary Facility) shall be those determined by agreement between the Ancillary Facility Lender and the relevant Borrower, provided that such terms shall be based upon the normal commercial terms and market rates of the relevant Ancillary Facility Lender.
- (b) In the case of any inconsistency or conflict between the terms of any Ancillary Facility, the applicable Ancillary Facility Documents and this Agreement, the terms and provisions of the applicable Ancillary Facility Document shall prevail unless the contrary intention is expressly provided for in this Agreement.
- (c) Each relevant Borrower and Ancillary Facility Lender will promptly upon request by the Facility Agent, supply the Facility Agent with such information relating to the operation of each Ancillary Facility (including without limitation details of the Ancillary Facility Outstandings and the Euro Amount thereof) as the Facility Agent may from time to time reasonably request (and each relevant Borrower consents to such documents and information being provided to the Facility Agent and the other Lenders).

7.3 Ancillary Facility Default

- (a) If a default occurs under any Ancillary Facility, no Ancillary Facility Lender may demand repayment of any monies or demand cash cover for any Ancillary Facility Outstandings, or take any analogous action in respect of any Ancillary Facility, until the Acceleration Date.
- (b) If an Acceleration Date occurs, the claims of each Lender with an Additional Facility Commitment in relation to a Revolving Facility and each Ancillary Facility Lender in respect of amounts outstanding to them under that Revolving Facility and the related Ancillary Facilities respectively shall be adjusted in accordance with this Clause 7.3 (*Ancillary Facility Default*) by making all necessary transfers of such portions of such claims such that following such transfers the outstandings under that Revolving Facility Outstandings and the related Ancillary Facility Outstandings (together with the rights to receive interest, fees and charges in relation thereto) of (i) each Lender with an Additional Facility Commitment in relation to that Revolving Facility and (ii) each Ancillary Facility Lender, in each case as at the Acceleration Date shall be an amount corresponding pro rata to the proportion that the sum of such Lender's Additional Facility Commitment in relation to that Revolving Facility and/or (as the case may be) related Ancillary Facility Commitment bears to the sum of all of the Additional Facility Commitments in relation to that Revolving Facility and the related Ancillary Facility Commitments, each as at the Acceleration Date.
- (c) No later than the third Business Day following the Acceleration Date each of the Ancillary Facility Lenders shall notify the Facility Agent in writing of the Euro Amount of its Ancillary Facility Outstandings as at the close of business on the Acceleration Date, such amount to take account of any clearing of debits which were entered into the clearing system of such Ancillary Facility Lenders prior to the Acceleration Date and any amounts credited to the relevant accounts prior to close of business on the Acceleration Date.
- (d) On receipt of the information referred to in paragraph (c) above, the Facility Agent will promptly determine what adjustment payments (if any) are necessary as between the Lenders participating in that Revolving Facility and each related Ancillary Facility Lender in order to ensure that, following such adjustment payments, the requirements of paragraph (b) above are complied with.
- (e) The Facility Agent will notify all the Lenders as soon as practicable of its determinations pursuant to paragraph (d) above, giving details of the adjustment payments required to be made. Such adjustment payments shall be payable by the relevant Lenders and shall be made to the Facility Agent within 5 Business Days following receipt of such notification from the Facility Agent. The Facility Agent shall distribute the adjustment payments received, among the Ancillary Facility Lenders and the Lenders participating in that Revolving Facility in order to satisfy the requirements of paragraph (b) above.
- (f) If at any time following the Acceleration Date, the amount of amounts outstanding under a Revolving Facility of any Lender or related Ancillary Facility Outstandings of any Ancillary Facility Lender used in the Facility Agent's calculation of the adjustments required under paragraph (d) above should vary for any reason (other than as a result of currency exchange fluctuation or other reason which affects all relevant Lenders equally), further adjustment payments shall be made on the same basis (*mutatis mutandis*) provided for in this Clause 7.3 (*Ancillary Facility Default*).

- (g) In respect of any amount paid by any Lender (a “**Paying Lender**”) pursuant to either of paragraphs (e) or (f) above, as between a relevant Borrower and the Paying Lender, the amount so paid shall be immediately due and payable by such relevant Borrower to the Paying Lender and the payment obligations of such relevant Borrower to the Lender(s) which received such payment shall be treated as correspondingly reduced by the amount of such payment.
- (h) Each Lender shall promptly supply to the Facility Agent such information as the Facility Agent may from time to time request for the purpose of giving effect to this Clause 7.3 (*Ancillary Facility Default*).
- (i) If an Ancillary Facility Lender has the benefit of any Security Interest securing any of its Ancillary Facilities, the realisations from such security when enforced will be treated as an amount recovered by such Ancillary Facility Lender in its capacity as a Lender which is subject to the sharing arrangements in Clause 33 (*Pro Rata Sharing*) to the intent that such realisation should benefit all Lenders pro rata.

7.4 Repayment of Ancillary Facilities

- (a) No Ancillary Facility Lender may demand repayment or prepayment of any amounts under its Ancillary Facility unless:
 - (i) the Additional Facility Commitment in relation to the relevant Revolving Facility has been cancelled in full, or the Facility Agent has declared all amounts outstanding under the relevant Revolving Facility immediately due and payable; or
 - (ii) the Ancillary Facility Outstandings under that Ancillary Facility can be repaid by an Advance under the relevant Revolving Facility (and not less than 7 Business Days’ notice (or such shorter period as agreed to by UPC Broadband) is given to the relevant Borrower before payment becomes due).
- (b) For the purposes of repaying Ancillary Facility Outstandings (so long as paragraph (a)(i) above does not apply) an Advance under the relevant Revolving Facility may be borrowed irrespective of whether a Default is continuing or any other applicable condition precedent not satisfied.
- (c) The share of the Ancillary Facility Lender in an Advance under the relevant Revolving Facility being used to refinance that Ancillary Facility Lender’s Ancillary Facility will be that amount which will result (so far as possible) in:
 - (i) the proportion which its share of all amounts outstanding under the Revolving Facility bears to the aggregate amount of the amounts outstanding under the Revolving Facility,
 being equal to:
 - (ii) the proportion which its Available Commitment with respect to that Revolving Facility bears to the aggregate of the Available Commitments with respect to that Revolving Facility,
 in each case, assuming the repayment of the relevant Ancillary Facility has taken place. The share of the other Lenders in any such Advance under the Revolving Facility will be adjusted accordingly.

7.5 Continuation of Ancillary Facilities

- (a) A Borrower and an Ancillary Facility Lender may, as between themselves only, agree to continue to provide the same banking facilities following the Final Maturity Date applicable to a Revolving Facility or, as the case may be, the Additional Facility Commitments in relation to a Revolving Facility are cancelled under this Agreement.
- (b) If any arrangement contemplated in paragraph (a) above is to occur, the relevant Borrower and the Ancillary Facility Lender shall each confirm that to be the case in writing to the Facility Agent. Upon such Final Maturity Date or, as the case may be, date of cancellation, any such facility shall continue as between the said entities on a bilateral basis and not as part of, or under, the Finance Documents. Save for any rights and obligations against any Finance Party under the Finance Documents prior to such Final Maturity Date or, as the case may be, date of cancellation, no such rights or obligations in respect of such Ancillary Facility shall, as between the Finance Parties, continue and the Security shall not support any such facility in respect of any matters that arise after such Final Maturity Date or, as the case may be, date of cancellation.

7.6 Affiliates of Lenders as Ancillary Facility Lenders

- (a) Subject to the terms of this Agreement, an Affiliate of a Lender may become an Ancillary Facility Lender. In such case, the Lender and its Affiliate shall be treated as a single Lender whose Additional Facility Commitment in relation to a relevant Revolving Facility is the amount set out opposite the relevant Lender's name in the relevant Additional Facility Accession Agreement and/or the amount of any relevant Additional Facility Commitment transferred to or assumed by that Lender under this Agreement, to the extent (in each case) not cancelled, reduced or transferred by it under this Agreement (as applicable). For the purposes of calculating the Lender's Available Commitment with respect to the relevant Revolving Facility, the Lender's Commitment shall be reduced to the extent of the aggregate of the Ancillary Facility Commitments of its Affiliates.
- (b) UPC Broadband shall specify any relevant Affiliate of a Lender in any Conversion Notice delivered by UPC Broadband to the Facility Agent pursuant to Clause 7.1 (*Utilisation of Ancillary Facilities*).
- (c) An Affiliate of a Lender which becomes an Ancillary Facility Lender shall accede to this Agreement as an Ancillary Facility Lender, and the Intercreditor Agreement as a Senior Lender (as defined therein).
- (d) If a Lender assigns all of its rights and benefits or transfers all of its rights and obligations to a New Lender (in accordance with Clause 29 (*Changes to the Parties*)), its Affiliate shall cease to have any obligations under this Agreement or any Ancillary Facility Document.
- (e) Where this Agreement or any other Finance Document imposes an obligation on an Ancillary Facility Lender and the relevant Ancillary Facility Lender is an Affiliate of a Lender which is not a party to that document, the relevant Lender shall ensure that the obligation is performed by its Affiliate.

7.7 Affiliates of Borrowers

- (a) Subject to the terms of this Agreement, an Affiliate of a Borrower that is a member of the Borrower Group may with the approval of the relevant Ancillary Facility Lender become a Borrower with respect to an Ancillary Facility.
- (b) UPC Broadband shall specify any relevant Affiliate of the Borrower in any Conversion Notice delivered by UPC Broadband to the Facility Agent pursuant to Clause 7.1 (*Utilisation of Ancillary Facilities*).
- (c) If any Borrower ceases to be a Borrower under this Agreement in accordance with Clause 29 (*Changes to the Parties*), any of its Affiliates that are not an Affiliate of another Borrower shall cease to have any rights under this Agreement or any Ancillary Facility Document.
- (d) Where this Agreement or any other Finance Document imposes an obligation on a Borrower under an Ancillary Facility and the relevant Borrower is an Affiliate of a Borrower which is not a party to that document, the relevant Borrower shall ensure that the obligation is performed by its Affiliate.
- (e) Any reference in this Agreement or any other Finance Document to a Borrower being under no obligations (whether actual or contingent) as a Borrower under such Finance Document shall be construed to include a reference to any Affiliate of a Borrower being under no obligations under any Finance Document or Ancillary Facility Document.

8. OPTIONAL CURRENCIES

8.1 Selection of Currency

Each Borrower under an Additional Facility that is a Revolving Facility shall select the currency of the Advance made to it (which shall be US Dollars, Euro, an Additional Currency or an Optional Currency) in the Request relating to the relevant Advance.

8.2 Unavailability of Optional Currency

- (a) If before the Specified Time on the Quotation Date for the relevant Advance:
 - (i) a Lender notifies the Facility Agent that the relevant Optional Currency is not readily available to it in the amount required; or
 - (ii) a Lender notifies the Facility Agent that compliance with its obligation to participate in the Advance in the proposed Optional Currency would contravene a law or regulation applicable to it,

the Facility Agent will give notice to the relevant Borrower to that effect by the Specified Time. In this event, any Lender that gives notice pursuant to this Clause 8.2 will be required to participate in the relevant Advance in Euros (in an amount equal to that Lender's Proportion of the Euro Amount of the relevant Advance or, in respect of a Rollover Advance, an amount equal to that Lender's Proportion of the Euro Amount of any amount that the Lenders are actually required to advance in accordance with Clause 9.2 (*Rollover Advances*)), and its participation will be treated as a separate Advance denominated in Euros during that Interest Period.

- (b) Any part of an Advance treated as a separate Advance under this Clause 8 (*Optional Currencies*) will not be taken into account for the purposes of any limit on the number of Advances or currencies outstanding at any one time.

9. REPAYMENT

9.1 Repayment of Advances

Each Borrower must repay the Advances made to it in accordance with the provisions of the relevant Additional Facility Accession Agreement, which shall provide for repayment of the relevant Additional Facility to be made:

- (a) in full on the relevant Final Maturity Date; or
- (b) 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.

9.2 Rollover Advances

Without prejudice to each Borrower's obligation to repay the full amount of each Advance in relation to a Revolving Facility made to it on the last day of the Interest Period for that Advance, where, on the same day on which such Borrower is due to repay an Advance in relation to a Revolving Facility (a "**Maturing Advance**") such Borrower has also requested that one or more Advances in relation to that Revolving Facility in the same currency as and in an amount which is equal to or less than the Maturing Advance be made to it (a "**Rollover Advance**"), subject to the Lenders being obliged to make such Rollover Advance under Clause 4.2 (*Further conditions precedent*), the aggregate amount of the Rollover Advance shall be treated as if applied in or towards repayment of the Maturing Advance so that:

- (a) if the amount of the Maturing Advance exceeds the aggregate amount of the Rollover Advance:
 - (i) the relevant Borrower will only be required to pay an amount in cash in the relevant currency equal to that excess; and
 - (ii) each Lender's participation (if any) in the Rollover Advance shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation (if any) in the Maturing Advance and that Lender will not be required to make its participation in the Rollover Advance available in cash.
- (b) if the amount of the Maturing Advance is equal to or less than the aggregate amount of the Rollover Advance:
 - (i) the relevant Borrower will not be required to make any payment in cash; and
 - (ii) each Lender will be required to make its participation in the Revolving Facility available in cash only to the extent that its participation (if any) in the Rollover Advance exceeds that Lender's participation (if any) in the Maturing Advance and the remainder of that Lender's participation in the Rollover Advance shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the Maturing Advance.

9.3 Cash Collateralisation of Documentary Credits

- (a) If not previously repaid in accordance with paragraph (b) below, each Borrower must repay each Documentary Credit issued on its behalf in full on the date stated in that Documentary Credit to be its Expiry Date.
- (b) A Borrower may give the Facility Agent not less than five Business Days prior written notice of its intention to repay all or any portion of a Documentary Credit requested by it prior to its stated Expiry

Date and, having given such notice, shall procure that the relevant Outstanding L/C Amount in respect of such Documentary Credit is reduced in accordance with such notice by providing cash cover therefor in accordance with Clause 1.2 (*Construction*) (in each case) or by reducing the Outstanding L/C Amount of such Documentary Credit or by cancelling such Documentary Credit and returning the original to the relevant L/C Bank or the Facility Agent on behalf of the Lenders.

9.4 Notification

The Agent shall notify the relevant Lender(s) and UPC Broadband of US Dollar, Additional Currency or Optional Currency amounts (and the applicable Agent's Spot Rate of Exchange) promptly after they are ascertained under this Agreement.

10. CANCELLATION AND PREPAYMENT

10.1 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.

10.2 Voluntary cancellation

UPC Broadband may, by delivering to the Facility Agent a duly completed Cancellation Notice not less than three Business Days (or such other time period as agreed between UPC Broadband and the Facility Agent) 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 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 (subject to the provisions of Clause 7.1(f) (*Utilisation of Ancillary Facilities*)) be applied against the relevant Additional Facility Commitment of each Lender pro rata.

10.3 Voluntary prepayment

- (a) UPC Broadband may, by delivering to the Facility Agent a duly completed Cancellation Notice not less than three Business Days (or such other time period as agreed between UPC Broadband and the Facility Agent) prior to the due date of prepayment, prepay the whole or any part, (but if in part in an aggregate minimum 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 is a Revolving Facility) 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).

10.4 Change of Control

- (a) "Change of Control" means:
 - (i) the Controlling Company 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 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 (d) below) or, after a Permitted Affiliate Group Designation Date, a Permitted Affiliate Parent; or

- (ii) 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 29.8(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
- (iii) 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 5 (*Security Documents*), the legal and beneficial interest in 100 per cent. of the partnership interests of, or otherwise ceases to Control, UPC Financing;
- (iv) the sale, lease, transfer, conveyance or other disposition (other than by way of a merger or consolidation) in one or a series of related transactions, of all or substantially all of the assets of UPC Broadband, a Permitted Affiliate Parent (after any Permitted Affiliate Group Designation Date) and the Restricted Subsidiaries (taken as a whole), as applicable, to any “**person**” (as such term is used in sections 13(d) and 14(d) of the 1934 Act) other than a Permitted Holder (other than as a result of the transfer of receivables to any Asset Securitisation Subsidiary in connection with any asset securitisation programme or programmes and/or one or more factoring transactions); or
- (v) at any time after a Permitted Affiliate Group Designation Date, any Permitted Affiliate Holdco ceases to be the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the 1934 Act) directly or indirectly of 100 per cent. of the total voting power of the Voting Stock of any Permitted Affiliate Parent,

provided that a Change of Control shall not be deemed to have occurred:

- (A) pursuant to paragraph (a)(i) of this definition upon the consummation of the Post-Closing Reorganisation or a Spin- Off;
 - (B) pursuant to paragraphs (a)(i), (a)(iv) and (a)(v) of this definition upon the liquidation on a solvent basis of a Permitted Affiliate Holdco provided that:
 - (1) 100 per cent. of the shares in the relevant Permitted Affiliate Parent continue to be pledged in favour of the Finance Parties on a first ranking basis without any material adverse effect on the interests of the Finance Parties;
 - (2) the successor Permitted Affiliate Holdco is not organised in a jurisdiction which would result in a materially adverse effect on the ability of the Finance Parties to enforce the share pledge over the shares in the relevant Permitted Affiliate Parent; and
 - (3) the successor Permitted Affiliate Holdco is the sole shareholder of the relevant Permitted Affiliate Parent; and
 - (C) pursuant to paragraph (a)(i), (a)(iv) and (a)(v) of this definition as a result of any sale, lease, transfer or other disposition of 100 per cent. of the shares in a Permitted Affiliate Parent provided that such sale, lease, transfer, conveyance or other disposition falls within one or more of the paragraphs of the definition of Permitted Disposal.
- (b) Notwithstanding the foregoing, upon consummation of (i) the Post-Closing Reorganisation, “Controlling Company” (as defined below) will mean New Intermediate Holdco and its successors or (ii) a Spin-Off, “Controlling Company” will mean the Spin Parent and its successors.

For the purpose of this Clause 10.4 (*Change of Control*) and the definition of Ultimate Parent, wholly-owned Subsidiary and Permitted Transaction:

- (i) “**Capital Stock**” of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of interests in (howsoever designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity;
- (ii) “**Controlling Company**” means, subject to paragraph (b) above:
 - (A) at any time prior to any Permitted Affiliate Group Designation Date, LGEF and its successors; and
 - (B) at any time on or after a Permitted Affiliate Group Designation Date, the Common Holding Company and its successors;

- (iii) “**New Intermediate Holdco**” means the relevant direct Subsidiary of the Ultimate Parent following the Post-Closing Reorganisation.
- (iv) “**Permitted Holder**” means, collectively:
 - (A) the Ultimate Parent;
 - (B) in the event of a Spin-Off, the Spin Parent and any Subsidiary of the Spin Parent;
 - (C) each Affiliate or Related Person of a Permitted Holder described in paragraph (A) above, and any successor to such Permitted Holder, Affiliate or Related Person;
 - (D) any Person who is acting as an underwriter in connection with any public or private offering of Capital Stock of UPC Broadband or, after a Permitted Affiliate Group Designation Date, a Permitted Affiliate Parent, acting in such capacity; and
 - (E) any “person” or “group” of related persons (as such terms are used in sections 13(d) and 14(d) of the 1934 Act) whose acquisition of “beneficial ownership” (within the meaning of Rules 13d-3 and 13d-5 under the 1934 Act) of Voting Stock or all or substantially all of the assets of UPC Broadband or, after a Permitted Affiliate Group Designation Date, a Permitted Affiliate Parent, and its Restricted Subsidiaries (taken as a whole) would constitute a Change of Control in respect of which UPC Broadband, or, after a Permitted Affiliate Group Designation Date, a Permitted Affiliate Parent, as applicable, has provided a notice to the Facility Agent under paragraph (c)(i) below and the Facility Agent has not, within sixty Business Days of receipt of such notice, provided a notice to UPC Broadband or, after a Permitted Affiliate Group Designation Date, a Permitted Affiliate Parent, as applicable, under paragraph (c)(ii) below cancelling the Facilities and/or declaring all outstanding Advances to be immediately due and payable;
- (v) “**Person**” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, limited liability company, government or any agency of political subdivision hereof or any other entity;
- (vi) “**Post-Closing Reorganisation**” means a distribution or other transfer of UPC Broadband Holdco (or, after any Permitted Affiliate Group Designation Date, the Controlling Company) and its Subsidiaries or a Holding Company of UPC Broadband Holdco (or, after any Permitted Affiliate Group Designation Date, the Controlling Company) and its Subsidiaries to the Ultimate Parent or another direct Subsidiary of the Ultimate Parent through one or more mergers, transfers, consolidations or other similar transactions such that UPC Broadband Holdco (or, after any Permitted Affiliate Group Designation Date, the Controlling Company) or such Holding Company will become the direct Subsidiary of the Ultimate Parent or such other direct Subsidiary of the Ultimate Parent.
- (vii) “**Preferred Stock**”, as applied to the Capital Stock of any corporation, 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 corporation, over shares of Capital Stock of any other class of such corporation.
- (viii) “**Related Person**” with respect to any Permitted Holder, means:
 - (A) any controlling equity holder or majority (or more) owned Subsidiary of such Permitted Holder; or
 - (B) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
 - (C) any trust, corporation, partnership or other person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein;
- (ix) “**Restricted Subsidiary**” means any Subsidiary of UPC Broadband or any Subsidiary of any Permitted Affiliate Parent, other than an Unrestricted Subsidiary.
- (x) “**Spin-Off**” means a transaction by which all outstanding ordinary shares of UPC Broadband Holdco (or, after any Permitted Affiliate Group Designation Date, the Controlling Company) or a

Holding Company of UPC Broadband Holdco (or, after any Permitted Affiliate Group Designation Date, the Controlling Company) are distributed to all of the Ultimate Parent's shareholders in proportion to such shareholders' holdings in the Ultimate Parent at the time of such transaction either directly or indirectly through the distribution of shares in a company holding UPC Broadband Holdco (or, after any Permitted Affiliate Group Designation Date, the Controlling Company) shares or such Holding Company's shares.

- (xi) **"Spin Parent"** means the company the shares of which are distributed to the shareholders of the Ultimate Parent pursuant to the Spin-Off.
- (xii) **"Voting Stock"** of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.
- (c) Upon becoming aware of a Change of Control:
 - (i) UPC Broadband or, after a Permitted Affiliate Group Designation Date, a Permitted Affiliate Parent, as applicable, shall promptly notify the Facility Agent upon becoming aware of a Change of Control; and
 - (ii) if the Majority Lenders so require, the Facility Agent shall, by not less than 30 Business Days' notice to UPC Broadband, cancel each Facility and declare all outstanding Utilisations, together with accrued interest and all other relevant amounts accrued under the Finance Documents immediately due and payable, whereupon each Facility will be cancelled and all such outstanding amounts will become immediately due and payable.
- (d) 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 (d)(ii) and (d)(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 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*).

10.5 Mandatory prepayment from disposal proceeds

- (a) Other than as provided in paragraph (b) below, on a Permitted Disposal (other than (i) the first €250,000,000 of Net Proceeds (or, if greater, an amount equal to five per cent. of Total Assets) of each Content Transaction or (ii) a disposal in accordance with paragraphs (b)(i) to 19.11(b)(xlv) of Clause 19.11 (*Disposals*)), UPC Broadband shall procure that an amount of the Facilities is prepaid which is equal to the lesser of:
 - (i) the amount of the Net Proceeds of such a disposal; and
 - (ii) an amount so as to ensure that the financial ratio set out in Clause 20.2 (*Financial Ratio*) for the most recent Ratio Period ending prior to the receipt of such Net Proceeds would not be breached if such financial ratio was tested for that most recent Ratio Period taking into account (on a *pro-forma* basis) all disposals made since the last day of that Ratio Period and the amount of such prepayment (but ignoring such Net Proceeds),

provided that there shall be no requirement to make a prepayment if the financial ratio set out in Clause 20.2 (*Financial Ratio*) was not required to be tested for the most recent Ratio Period ending prior to the receipt of such Net Proceeds.

Such amount shall be applied against the Additional Facilities in accordance with Clause 10.6(a) (*Order of application*).

- (b) No prepayment in accordance with paragraph (a) above is required:
- (i) where the amount of any such prepayment would be less than the greater of €250,000,000 (or its equivalent in other currencies) and five per cent. of Total Assets; and
 - (ii) 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 reinvested in assets in the Business (for the avoidance of doubt, including Permitted Acquisitions, Capital Expenditure, Operational Expenditure and Permitted Joint Ventures) provided that any amount that has not been:
 - (A) reinvested or contracted to be so reinvested within 12 months of the relevant Permitted Disposal; and
 - (B) if contracted to be reinvested, so reinvested within 18 months of the relevant Permitted Disposal (“**Reinvestment End Date**”),
 shall be applied in prepayment of the Facilities in accordance with Clause 10.6(a) (*Order of application*), and provided further that on the Reinvestment End Date, UPC Broadband shall procure that an amount of the Facilities is prepaid which is equal to the lesser of:
 - (1) the amount of the Net Proceeds of such a disposal; and
 - (2) an amount so as to ensure that the financial ratio set out in Clause 20.2 (*Financial Ratio*) for the most recent Ratio Period ending prior to the Reinvestment End Date would not be breached if such financial ratio was tested for that most recent Ratio Period taking into account (on a *pro-forma* basis) all disposals made since the last day of that Ratio Period and the amount of such prepayment (but without taking into account in the calculation of Cash any Net Proceeds that have not been reinvested as at such Reinvestment End Date),
 provided that there shall be no requirement to make a prepayment if the financial ratio set out in Clause 20.2 (*Financial Ratio*) was not required to be tested for the most recent Ratio Period ending prior to the Reinvestment End Date.

10.6 Order of application

- (a) The amount of each prepayment of the Additional Facilities made under Clause 10.5 (*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 Utilisations 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).
- (b) If UPC Broadband does not give a notice to the Facility Agent specifying how amounts are to be applied in prepayment under Clause 10.5 (*Mandatory prepayment from disposal proceeds*) within the time period specified in paragraph (a) above, the amount of the relevant prepayment shall be applied:
 - (i) first *pro rata* between outstanding Advances under the Term Facilities (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);
 - (ii) second *pro rata* between outstanding Utilisations under Revolving Facilities (provided that Advances shall be prepaid before any Outstanding L/C Amounts (which shall then be prepaid on a pro rata basis)), 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 Revolving Facility);
 - (iii) then, in:
 - (A) repayment of outstanding Utilisations under Ancillary Facilities (and cancellation of corresponding Ancillary Facility Commitments); and
 - (B) cancellation of Ancillary Facility Commitments; and
 - (iv) finally, (on a pro rata basis) cancellation of Total Additional Facility Commitments in relation to any Revolving Facilities.

- (c) Unless the relevant Borrower makes an election under paragraph (d) below or notifies the Facility Agent that it intends to reinvest the Net Proceeds in assets in the Business of the Borrower Group in accordance with Clause 10.5 (*Mandatory prepayment from disposal proceeds*) above, it shall prepay Advances promptly upon receipt of the Net Proceeds of the disposal.
- (d) A Borrower may elect that any prepayment under Clause 10.5 (*Mandatory prepayment from disposal proceeds*) be applied in prepayment of an Advance on the last day of the Interest Period relating to that Advance. If the relevant Borrower makes that election then a proportion of the Advance equal to the amount of the relevant prepayment will be due and payable on the last day of its Interest Period.

10.7 Right of prepayment and cancellation in relation to a single Lender

- (a) If:
 - (i) any sum payable to any Lender, Ancillary Facility Lender or L/C Bank by an Obligor is required to be increased under Clause 13.2(c) (*Tax gross-up*);
 - (ii) any Lender, Ancillary Facility Lender or L/C Bank claims indemnification from UPC Broadband or a Borrower under Clause 13.4 (*Tax indemnity*) or Clause 15.1 (*Increased Costs*); or
 - (iii) any Lender, Ancillary Facility Lender or L/C Bank invokes Clause 14.3 (*Market Disruption*) or Clause 16 (*Illegality and Mitigation*),
 then, subject to paragraph (c) below:
 - (A) if the circumstance relates to a Lender, UPC Broadband may:
 - (1) arrange for the transfer or assignment in accordance with this Agreement of the whole (but at par only) of that Lender's Commitment and participation in the Utilisations to a new or existing Lender willing to accept that transfer or assignment; or
 - (2) give the Facility Agent notice of cancellation of that Lender's Commitment and UPC Broadband's intention to procure the repayment of that Lender's participation in the Utilisation, whereupon the Commitment of that Lender shall immediately be reduced to zero;
 - (B) if the circumstance relates to an Ancillary Facility Lender, UPC Broadband may give the Facility Agent notice of cancellation of that Ancillary Facility Lender's Ancillary Facility Commitment and UPC Broadband's intention to procure the repayment of the utilisations of any Ancillary Facility granted by that Ancillary Facility Lender, whereupon the Ancillary Facility Commitment of that Ancillary Facility Lender shall immediately be reduced to zero; and
 - (C) if the circumstance relates to an L/C Bank, UPC Broadband may give the Facility Agent notice of repayment of any outstanding Documentary Credit issued by such L/C Bank and cancellation of the appointment of such L/C Bank as an L/C Bank under this Agreement in relation to any Documentary Credit to be issued in the future or the provision of full cash cover in respect of such L/C Bank's maximum contingent liability under each outstanding Documentary Credit.
- (b) On the last day of each Interest Period or Term which ends after UPC Broadband has given notice under paragraph (a)(iii)(A)(2), (a)(iii)(B) or (a)(iii)(C) above (or, if earlier, the date specified by UPC Broadband in that notice), each Borrower to which a Utilisation or utilisation of an Ancillary Facility is outstanding shall repay that Lender's participation in that Utilisation or the utilisation of the Ancillary Facility granted by that Ancillary Facility Lender (together with all interest and other amounts accrued under the Finance Documents) or, as the case may be, provide full cash cover in respect of any Documentary Credit issued by that L/C Bank or any contingent liability under an Ancillary Facility.
- (c) UPC Broadband may only exercise its rights under paragraph (a) above if:
 - (i) in the case of paragraphs (a)(i) and (a)(ii) above, the circumstance giving rise to the requirement or indemnification continues or, in the case of (a)(iii) no more than 90 days have elapsed since the relevant invoking of Clause 14.3 (*Market Disruption and Alternative Interest Rates*); and
 - (ii) it gives the Facility Agent and the relevant Lender not less than five Business Days prior notice.
- (d) The replacement of a Lender pursuant to paragraph (a)(iii)(A)(1) above shall be subject to the following conditions:
 - (i) no Finance Party shall have any obligation to find a replacement Lender;

- (ii) any replaced Lender shall not be required to refund, or to pay or surrender to any other Lender, any of the fees or other amounts received by that replaced Lender under any Finance Document; and
- (iii) any replacement of a Lender which is the Facility Agent shall not affect its role as the Facility Agent.

10.8 Right of Cancellation in Relation to a Defaulting Lender

Without prejudice to UPC Broadband's rights under Clause 2.2 (*Increase*):

- (a) If any Lender becomes a Defaulting Lender, UPC Broadband may, at any time whilst the Lender continues to be a Defaulting Lender, give the Facility Agent three Business Days' notice of cancellation of each Available Commitment of that Lender.
- (b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.
- (c) The Facility Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

10.9 Miscellaneous provisions

- (a) Any notice of prepayment given by a Borrower pursuant to Clause 10.3 (*Voluntary prepayment*) or Clause 10.7 (*Right of prepayment and cancellation in relation to a single Lender*) and a notice of cancellation pursuant to Clause 10.2 (*Voluntary cancellation*) shall be irrevocable, shall specify the date upon which such prepayment is to be made and the amount of such prepayment and shall oblige that Borrower to make such prepayment on such date, provided that a notice of prepayment or cancellation may be conditional and not irrevocable provided that UPC Broadband or a Borrower shall within 10 Business Days' notice from the Facility Agent indemnify any Lender in respect, and in the amount, of such Lender's Break Costs as specified in such notice should cancellation or prepayment not occur on the date specified in the notice of cancellation or prepayment.
- (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 26.4 (*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 10.3 (*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 other than an Advance or any Documentary Credit in relation to a Revolving Facility repaid in accordance with this Agreement. For the avoidance of doubt, unless expressly agreed to the contrary in the relevant Ancillary Facility Documents, this paragraph (d) shall not apply to any Ancillary Facility.
- (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.

11. INTEREST

11.1 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 any currency other than Euros); or
- (ii) EURIBOR (in the case of an Advance denominated in Euros).

11.2 Selection of Interest Periods

- (a) The Interest Period of each Advance will be the period selected by the Request for that Advance and each subsequent Interest Period (in relation to a Term Facility only) will be the period selected by the Borrower by notice to the Facility Agent received not later than the third Business Day before the end of the then current Interest Period under that Term Facility.
- (b) The duration of each Interest Period for each Advance under a Term Facility shall, save as otherwise provided in this Agreement, be 1, 2, 3 or 6 months, or, in each case, such other period of up to 12 months as the Lenders whose Commitments under the relevant Term Facility that aggregate more than 50% of the aggregate Commitments under that Term Facility may agree with the Borrower. Each Interest Period for a Term Facility Advance will commence on its Utilisation Date or in the case of each subsequent Interest Period the expiry of its preceding Interest Period.
- (c) Each Advance under a Revolving Facility has one Interest Period only. The duration of each Interest Period for an Advance under a Revolving Facility shall, save as otherwise provided in this Agreement, be a period of any number of days from and including 1 day to and including 30 days or 1, 2, 3 or 6 months or such other period of up to 12 months as the Lenders whose Commitments under the relevant Revolving Facility that aggregate more than 50% of the aggregate Commitments under that Revolving Facility may agree with the Borrower prior to submission of the relevant Request provided that such period shall end on or before the Final Maturity Date in respect of that Revolving Facility. Each Interest Period for an Advance under a Revolving Facility will commence on its Utilisation Date.

11.3 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).

11.4 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.

11.5 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.

11.6 Notification

The Facility Agent shall notify the relevant Borrower and the Lenders of the duration of each Interest Period promptly after ascertaining its duration.

11.7 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.

11.8 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.

11.9 Notification of rates of interest

- (a) The Facility Agent shall promptly notify the relevant Borrowers and the Lenders of each determination of LIBOR, EURIBOR and any change to the proposed length of a Term or Interest Period or any interest rate occasioned by the operation of Clause 14 (*Market Disruption and Alternative Interest Rates*).
- (b) The Facility Agent shall promptly notify the relevant Borrower (or UPC Broadband) of each Funding Rate relating to an Advance.

12. PAYMENTS

12.1 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.

12.2 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.

12.3 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.

12.4 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.

12.5 Reductions

Any repayment of any Advance denominated in an Optional Currency shall reduce the amount of such Advance by the amount of such Optional Currency repaid and shall reduce the Euro Amount of such Advance proportionately.

12.6 Set-off and counterclaim

All payments made by an Obligor under this Agreement shall be made without set-off or counterclaim.

12.7 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.

12.8 Partial payments

- (a) Subject to the Intercreditor Agreement, 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, the Security Agent and each L/C Bank under this Agreement;
 - (ii) **secondly**, in or towards payment pro rata of any accrued fees (other than any commitment fees payable under Clause 23.1 (*Commitment fee*) or Documentary Credit fees payable under Clause 23.4 (*Documentary Credit Fee*)) due but unpaid under Clause 23 (*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*), Documentary Credit fees 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 Intercreditor Agreement, the Facility Agent shall, if so directed by the affected Lenders, vary the order set out in paragraphs (a)(i) to (a)(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.

12.9 Impaired Agent

- (a) If, at any time, the Facility Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Facility Agent may instead either pay that amount direct to the required recipient or pay that amount to an interest-bearing account (the “**Trust Account**”) held with an Acceptable Bank within the meaning of paragraph (a) of the definition of “**Acceptable Bank**” and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment and designated as a trust account for the benefit of the Finance Party beneficially entitled to that payment under the Finance Documents. In each case such payments must be made within five Business Days of the due date for payment under the Finance Documents.
- (b) All interest accrued on the amount standing to the credit of the Trust Account shall be for the benefit of the beneficiaries of that Trust Account pro rata to their respective entitlements.
- (c) A party which has made a payment in accordance with this Clause 12.9 (*Impaired Agent*) shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the Trust Account.
- (d) Promptly upon the appointment of a successor Facility Agent in accordance with Clause 22.14 (*Resignation of Agents*), each Party which has made a payment to a Trust Account in accordance with this Clause 12.9 (*Impaired Agent*) shall give all requisite instructions to the bank with whom the Trust Account is held to transfer the amount (together with any accrued interest) to the successor Facility Agent for distribution in accordance with this Agreement.

13. TAX GROSS-UP AND INDEMNITIES

13.1 Definitions

- (a) In this Clause 13:

“**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 other than:

- (a) a FATCA Deduction; or
- (b) a deduction or withholding for or on account of any Bank Levy (or otherwise attributable to, or arising as a consequence of, a Bank Levy).

“**Tax Payment**” means an increased payment made by an Obligor to a Finance Party under Clause 13.2 (*Tax gross-up*) or a payment under Clause 13.4 (*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 13 a reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination acting reasonably and in good faith.

13.2 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 13.6 (*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).
- (g) Each party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction. No party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction (other than a payment or compensation in respect of any payments due to a Lender which is a special purpose vehicle that has issued notes and advanced all of the proceeds of such notes to a member of the Borrower Group pursuant to an Advance under an Additional Facility (except where the relevant FATCA Deduction arises from any non-compliance with any law, regulation or other obligation in respect of FATCA by a holder of such notes)).

13.3 Lender Tax Status

- (a) Solely in the case of a Tax Deduction imposed by a jurisdiction other than the United States in the case of a US Borrower, and notwithstanding any other provision of this Clause 13 (*Tax Gross-up and Indemnities*):
 - (i) each Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments made by a Borrower under any Finance Document shall deliver to the Borrowers and the Facility Agent, at the time or times reasonably requested by the Borrowers or the Facility Agent (and promptly after the occurrence of a change in the Lender's circumstance requiring a change in the most recent documentation previously delivered), such properly completed and executed documentation reasonably requested by the Borrower or the Facility Agent as will permit such payments to be made without withholding or at a reduced rate of withholding; and
 - (ii) each Lender, if reasonably requested by the Borrowers or the Facility Agent, shall deliver such other documentation prescribed by an applicable requirement of law or reasonably requested by the Borrowers or the Facility Agent as will enable the Borrowers or the Facility Agent to determine whether or not such Lender is subject to withholding or information reporting requirements. In the event that any Lender fails to comply with the foregoing requirement, any Borrower shall be permitted to withhold and retain an amount in respect of the applicable withholding tax (excluding for the avoidance of doubt, any withholding tax imposed by the United States in the case of a US Borrower) estimated in good faith by the Borrowers to be required to be withheld in respect of interest payable to such Lender. Neither UPC Broadband nor any Obligor is required to make a Tax Payment to a Lender under this Agreement to the extent such Taxes are attributable to a failure by a Lender to provide the documentation required to be delivered pursuant to the first sentence of this Clause 13.3(a). For the avoidance of doubt, nothing in this Clause 13.3(a) shall be understood to affect the rights of Lenders to a gross-up in respect of a Tax Deduction levied in the United States in the case of a US Borrower, but only to the extent permitted under Clause 13.2 (*Tax gross-up*).
- (b) Each Finance Party shall confirm whether it is entitled to receive payments under the Finance Documents free from withholding under FATCA and shall provide any documentation, forms and other information relating to its status under FATCA reasonably requested by the Facility Agent or a Borrower sufficient for the Facility Agent and the Borrowers to comply with their obligations under FATCA and to determine whether such Finance Party has complied with such applicable reporting requirements.

13.4 Tax indemnity

- (a) Subject to paragraph (b) below, the Obligors shall (within ten 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 reasonably determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party. The Protected Party shall within five Business Days of request by that Borrower provide to that Borrower reasonable written details explaining the loss, liability or cost and the calculation of the amount claimed by the Protected Party.
- (b) Paragraph (a) above shall not apply with respect to any Tax:
 - (i) assessed on a Finance Party:
 - (A) 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
 - (B) 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; or
 - (ii) that relates to a FATCA Deduction required to be made by a Party (other than in respect of any payments due to a Lender which is a special purpose vehicle that has issued notes and advanced all of the proceeds of such notes to a member of the Borrower Group pursuant to an Advance under an Additional Facility (except where such FATCA Deduction arises from any non-compliance with any law, regulation or other obligation in respect of FATCA by a holder of such notes).
- (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 13.4 (*Tax Indemnity*), notify the Facility Agent.

13.5 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 13.5 (*Tax Credit*); or
 - (ii) oblige any Finance Party to disclose any information relating to its Tax or other affairs or any computations in respect thereof.

13.6 U.S. Taxes

A US Borrower shall not be required to pay any additional amount pursuant to Clause 13.2 (*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 13.6(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.

13.7 Value added tax

- (a) All consideration expressed to be payable under a Finance Document by any Party to a Finance Party shall be deemed to be exclusive of any VAT and no Party shall exercise any potential option for waiving a VAT exemption. Subject to paragraph (b) below, if VAT is chargeable on any supply made by any Finance Party to any Party in connection with a Finance Document, that Party shall 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, unless the VAT charge is caused by the Finance Party's option to waive a VAT exemption, and in either case concurrently against the issue of an appropriate invoice.
- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the "**Supplier**") to any other Finance Party (the "**Recipient**") in connection with a Finance Document, and any Party other than the Recipient (the "**Subject Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration), (i) if the Supplier is required to account to the relevant tax authority for the VAT, the Subject Party must also pay to the Supplier and, (ii) if the Recipient is required to account to the relevant tax authority for the VAT the Subject Party must pay to the Recipient, (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT. Where paragraph (i) applies, the Recipient must promptly pay to the Subject Party an amount equal to any credit or repayment obtained by the Recipient from the relevant tax authority which the Recipient reasonably determines is in respect of the VAT chargeable on that supply. Where paragraph (ii) applies, the Subject Party must only pay to the Recipient an amount equal to the amount of such VAT to the extent that the Recipient reasonably determines that it is not entitled to a credit or repayment from the relevant tax authority in respect of that VAT.
- (c) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party for the full amount of such costs and expenses including such costs that represent VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of the VAT.
- (d) Any reference in this Clause 13.7 (*Value added tax*) to any Party shall, at any time when such Party is treated as a member of a group including but not limited to any fiscal unities for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term "**representative member**" to have the same meaning as in the relevant legislation of any jurisdiction having implemented Council Directive 2006/112/EC on the common system of value added tax).
- (e) If VAT is chargeable on any supply made by a Finance Party to any Party under a Finance Document and if reasonably requested by such Finance Party, that Party must give the Finance Party details of its VAT registration number and any other information as is reasonably requested in connection with the Finance Party's reporting requirements for the supply and at such time that the Finance Party may reasonably request it.
- (f) Where a Borrower is required to make a payment under paragraph (b) above, such amount shall not become due until the relevant Borrower has received a formal invoice detailing the amount to be paid.

14. MARKET DISRUPTION AND ALTERNATIVE INTEREST RATES

14.1 Unavailability of Screen Rate

- (a) *Interpolated Screen Rate*: If no Screen Rate is available for LIBOR or, if applicable, EURIBOR for the Interest Period of an Advance, the applicable LIBOR or EURIBOR shall be the Interpolated Screen Rate for a period equal in length to the Interest Period of that Advance.
- (b) *Shortened Interest Period*: If no Screen Rate is available for LIBOR or, if applicable, EURIBOR for:
 - (i) the currency of an Advance; or
 - (ii) the Interest Period of an Advance and it is not possible to calculate the Interpolated Screen Rate, the Interest Period of that Advance shall (if it is longer than the applicable Fallback Interest Period) be shortened to the applicable Fallback Interest Period and the applicable LIBOR or EURIBOR for that shortened Interest Period shall be determined pursuant to the definition of “**LIBOR**” or “**EURIBOR**” as applicable.
- (c) *Shortened Interest Period and Historic Screen Rate*: If the Interest Period of an Advance is, after giving effect to paragraph (b) above, either the applicable Fallback Interest Period or shorter than the applicable Fallback Interest Period and, in either case, no Screen Rate is available for LIBOR or, if applicable EURIBOR for:
 - (i) the currency of that Advance; or
 - (ii) the Interest Period of that Advance and it is not possible to calculate the Interpolated Screen Rate, the applicable LIBOR or EURIBOR shall be the Historic Screen Rate for that Advance.
- (d) *Shortened Interest Period and Interpolated Historic Screen Rate*: If paragraph (c) above applies but no Historic Screen Rate is available for the Interest Period of that Advance, the applicable LIBOR or EURIBOR shall be the Interpolated Historic Screen Rate for a period equal in length to the Interest Period of that Advance.
- (e) *Reference Bank Rate*: If paragraph (d) above applies but it is not possible to calculate the Interpolated Historic Screen Rate, the Interest Period of that Advance shall, if it has been shortened pursuant to paragraph (b) above, revert to its previous length and the applicable LIBOR or EURIBOR shall be the Reference Bank Rate as of the Specified Time for the currency of that Advance and for a period equal in length to the Interest Period of that Advance.
- (f) *Alternative Reference Bank Rate*: If paragraph (e) above applies but no Reference Bank Rate is available for the relevant currency or Interest Period or Term the applicable LIBOR or EURIBOR shall be the Alternative Reference Bank Rate as of the Specified Time for the currency of that Advance and for a period equal in length to the Interest Period of that Advance.
- (g) *Cost of funds*: If paragraph (f) above applies but no Alternative Reference Bank Rate is available for the relevant currency or Interest Period or Term there shall be no LIBOR or EURIBOR for that Advance and Clause 14.4 (*Cost of funds*) shall apply to that Advance for that Interest Period or Term.

14.2 Calculation of Reference Bank Rate and Alternative Reference Bank Rate

- (a) Subject to paragraph (b) below, if LIBOR or EURIBOR is to be determined on the basis of a Reference Bank Rate but a Reference Bank does not supply a quotation by the Specified Time the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Reference Banks.
- (b) If at or about noon on the Quotation Date none or only one of the Reference Banks supplies a quotation, there shall be no Reference Bank Rate for the relevant Interest Period or Term.
- (c) Subject to paragraph (d) below, if LIBOR or EURIBOR is to be determined on the basis of an Alternative Reference Bank Rate but an Alternative Reference Bank does not supply a quotation by the Specified Time, the Alternative Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Alternative Reference Banks.
- (d) If before close of business in London on the date falling one Business Day after the Quotation Date none or only one of the Alternative Reference Banks supplies a quotation, there shall be no Alternative Reference Bank Rate for the relevant Interest Period or Term.

14.3 Market disruption

- (a) If LIBOR or, if applicable, EURIBOR is determined otherwise than on the basis of an Alternative Reference Bank Rate and before close of business in London on the Quotation Date for the relevant Interest Period or Term, the Facility Agent receives notifications from a Lender or Lenders (whose participations in an Advance exceed 40 per cent. of that Advance) that the cost to it of funding its participation in that Advance from whatever source it may reasonably select would be in excess of LIBOR or, if applicable, EURIBOR then the applicable LIBOR or EURIBOR shall be the Alternative Reference Bank Rate as of the Specified Time for the currency of the Advance and for a period equal in length to the Interest Period of that Advance and if no Alternative Reference Bank Rate is available for the relevant currency or Interest Period or Term there shall be no LIBOR or EURIBOR for that Advance and Clause 14.4 (*Cost of funds*) shall apply to that Advance for the relevant Interest Period or Term.
- (b) If LIBOR or, if applicable, EURIBOR is determined on the basis of an Alternative Reference Bank Rate and before close of business in London on the date falling one Business Day after the Quotation Date for the relevant Interest Period of the Advance the Facility Agent receives notifications from a Lender or Lenders (whose participations in an Advance exceed 40 per cent. of that Advance) that the cost to it of funding its participation in that Advance from whatever source it may reasonably select would be in excess of LIBOR or, if applicable, EURIBOR then Clause 14.4 (*Cost of funds*) shall apply to that Advance for the relevant Interest Period or Term.

14.4 Cost of funds

- (a) If this Clause 14.4 applies, the rate of interest on each Lender's share of the relevant Advance for the relevant Interest Period or Term shall be the percentage rate per annum which is the sum of:
 - (i) the Margin; and
 - (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event within one Business Day of the first day of that Interest Period (or, if earlier, on the date falling five Business Days before the date on which 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 the relevant Lender of funding its participation in that Advance from whatever source it may reasonably select.
- (b) If this Clause 14.4 applies 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 thirty days) with a view to agreeing a substitute basis for determining the rate of interest.
- (c) Any alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of the affected Lenders and UPC Broadband, be binding on all Parties.
- (d) If this Clause 14.4 applies pursuant to Clause 14.3 (*Market disruption*): and
 - (i) a Lender's Funding Rate is less than LIBOR or, in relation to any Advance in Euro, EURIBOR; or
 - (ii) a Lender does not supply a quotation by the time specified in paragraph (a)(ii) above,the cost to that Lender of funding its participation in that Advance for that Interest Period or Term shall be deemed, for the purposes of paragraph (a) above, to be LIBOR or, in relation to an Advance in Euro, EURIBOR.
- (e) If this Clause 14.4 applies pursuant to Clause 14.1 (*Unavailability of Screen Rate*) but any Lender does not supply a quotation by the time specified in paragraph (a)(ii) above the rate of interest shall be calculated on the basis of the quotations of the remaining Lenders.

14.5 Notification to UPC Broadband

If Clause 14.4 (*Cost of funds*) applies or if LIBOR or, if applicable, EURIBOR is to be determined on the basis of an Alternative Reference Bank Rate the Facility Agent shall, as soon as is practicable, notify UPC Broadband.

14.6 Revocation of currency

If before 9.30 a.m. on any Quotation Date, 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 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.

15. INCREASED COSTS

15.1 Increased Costs

- (a) Subject to Clause 15.3 (*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.

15.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 15.1 (*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.

15.3 Exceptions

- (a) Clause 15.1 (*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 13.4 (*Tax indemnity*) (or would have been compensated for under Clause 13.4 (*Tax indemnity*) but was not so compensated solely because one of the exclusions in Clause 13.4(b) (*Tax indemnity*) applied);
 - (iii) 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);
 - (iv) attributable to the gross negligence of, or wilful breach by, the relevant Finance Party or any of its Holding Companies of any law or regulation to which the imposition of such Increased Cost relates;
 - (v) suffered by a Finance Party and in respect of which that Finance Party intends to make a claim pursuant to paragraph (a) of Clause 15.2 (*Increased costs claims*), but which is not (and its claim under paragraph (a) of Clause 15.2 (*Increased Costs Claims*) is not) notified by that Finance Party to the Facility Agent within 30 days of that Finance Party becoming aware that it had suffered the relevant Increased Cost;

- (vi) attributable to a FATCA Deduction required to be made by a Party; or
 - (vii) attributable to any Bank Levy but only to the extent that such Bank Levy is no more onerous than in respect of:
 - (A) a Bank Levy not enacted into law as at the 2016 First Amendment Effective Date, any draft of such proposed Bank Levy as at the 2016 First Amendment Effective Date; or
 - (B) any other Bank Levy, as set out under existing law as at the 2016 First Amendment Effective Date; and
 - (viii) attributable to the implementation or application of, or compliance with, Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV to the extent that a Finance Party knew about or could reasonably be expected to have known about the relevant Increased Cost on or prior to the date on which it became a Finance Party.
- (b) In this Clause 15.3, a reference to a Tax Deduction has the same meaning given to the term in Clause 13.1 (*Definitions*) and:
- “**Basel III**” means: (a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated; (b) the rules for global systematically important banks contained in “Global systematically important banks: assessment methodology and the additional loss absorbency requirement—Rules text” published by the Basel Committee on Banking Supervision in November 2011, as amended supplemented or restated; and (c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to implementing or modifying “Basel III” (in each case, whether such implementations, application or compliance is by a government, regulator, a Finance Party or any of its Affiliates).
- “**CRD IV**” means:
- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms; and
 - (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and the prudential supervision of credit institutions and investment firms.

16. ILLEGALITY AND MITIGATION

16.1 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 any Ancillary Facility Document or to fund or allow to remain outstanding all or part of its participation in any Advance or, in the case of an Ancillary Facility Lender, any utilisation under any Ancillary Facility:

- (a) that Lender shall promptly notify the Facility Agent upon becoming aware of the same and such notice shall include the last date of any applicable grace period permitted by law;
- (b) upon the Facility Agent notifying UPC Broadband, that Lender shall not be obliged to participate in any Utilisation that would give rise to such unlawfulness; and
- (c) other than where UPC Broadband has exercised its rights under paragraph (a)(iii)(A)(I) of Clause 10.7 (*Right of prepayment and cancellation in relation to a single Lender*) prior to any date for prepayment, cancellation, or provision of full cash cover specified by the Facility Agent pursuant to this paragraph (c), if the Facility Agent on behalf of such Lender requires:
 - (i) the relevant Borrower or Borrowers shall:
 - (A) repay that Lender’s participation in any Advance made to that Borrower; and
 - (B) repay each amount payable or, as the case may be, provide full cash cover in respect of each contingent liability under each Ancillary Facility of that Ancillary Facility Lender; and
 - (ii) the Commitment of that Lender will be immediately cancelled,

on the date specified by the Facility Agent to UPC Broadband, which shall be no earlier than any date specified by the Lender in the notice delivered to the Facility Agent (being the last day of any applicable grace period permitted by law).

16.2 Illegality in Relation to an L/C Bank

If it becomes unlawful in any relevant jurisdiction for an L/C Bank to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Documentary Credit (an “**Affected Documentary Credit**”):

- (a) that L/C Bank shall promptly notify the Facility Agent upon becoming aware of that event;
- (b) upon the Facility Agent notifying UPC Broadband, that L/C Bank shall not be obliged to issue any future Documentary Credit that would give rise to such unlawfulness; and
- (c) upon the Facility Agent notifying UPC Broadband, each relevant Borrower shall use its best endeavours to procure the release of any Affected Documentary Credit.

16.3 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 13 (*Tax Gross-up and Indemnities*), Clause 15 (*Increased Costs*) or Clause 16.1 (*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.

16.4 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 16.3 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 16.3 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

17. GUARANTEE

17.1 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 Hedge Counterparties from time to time entering into the 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 Hedging Debtor 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 Hedging Debtor 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 17.1 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 17 (*Guarantee*).

17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor or any Hedging Debtor under the Guaranteed Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 Reinstatement

If any payment by an Obligor or a Hedging Debtor or any discharge given by a Beneficiary (whether in respect of the obligations of any Obligor or any Hedging Debtor 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.

17.4 Waiver of defences

The obligations of each Guarantor under this Clause 17 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 17 (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 Hedging Debtor or other person;
- (b) the release of any other Obligor or any Hedging Debtor or any other person under the terms of any composition or arrangement with any creditor of any member of the Borrower Group or any Hedging Debtor;
- (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 Hedging Debtor 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 Hedging Debtor 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.

17.5 Immediate recourse

None of the Beneficiaries shall be obliged to make any claim or demand on the Borrowers or any Hedging Debtor 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 17 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 17 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 17.

17.6 Appropriations

Until all amounts which may be or become payable by the Obligors and the Hedging Debtors, 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 17.

17.7 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors and the Hedging Debtors, 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 any Hedging Debtor 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 Hedging Debtor or from any other person liable; or
- (c) take any step or enforce any right against any Obligor or any Hedging Debtor or any other person liable in respect of any obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 17; or
- (d) exercise any right of set off or counterclaim against any other Obligor or any Hedging Debtor 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 Hedging Debtor or any other person liable or have the benefit of, or share in, any payment from or composition with, any other Obligor or any Hedging Debtor 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 17 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 Hedging Debtor, 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 17 in accordance with the Intercreditor Agreement.

17.8 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.

17.9 Limitation

Notwithstanding any other provision of this Clause 17, the obligations of each US Guarantor under this Clause 17, 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 17.9, "**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).

18. REPRESENTATIONS AND WARRANTIES

18.1 Representations and warranties

- (a) Subject to paragraph (b), each Obligor makes the representations and warranties set out in this Clause 18, in respect of itself and (where applicable) its Subsidiaries which are members of the Borrower Group, other than:
 - (i) Clauses 18.8 (*Accounts*), 18.9 (*Financial condition*) and Clause 18.13 (*Tax liabilities*), which shall only be made by UPC Broadband;
 - (ii) Clause 18.20 (*UPC Financing*), which shall only be made by UPC Financing, to each Finance Party.
- (b) None of UPC Broadband Holdco, any Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt make the representations and warranties set out in Clauses 18.6(b) or (c) (*Consents*), 18.8 (*Accounts*), 18.9 (*Financial condition*), 18.10 (*Environmental*), 18.12(a) (*Litigation and insolvency proceedings*), 18.13 (*Tax liabilities*), 18.14 (*Ownership of assets*), 18.15 (*Intellectual Property Rights*) and 18.20 (*UPC Financing*).

18.2 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.

18.3 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 17 (*Guarantee*),

and has taken all necessary actions to authorise the execution, delivery and performance of the Finance Documents to which it is a party.

18.4 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 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.

18.5 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.

18.6 Consents

- (a) Subject to any relevant reservations or qualifications contained in any legal opinion referred to in Clause 18.4(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.

18.7 No default

No Event of Default has occurred and is continuing or will result from the making of any Advance.

18.8 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 the Relevant Accounting Principles (except that such consolidated financial statements do not include all consolidated Subsidiaries to the extent they are Unrestricted Subsidiaries).

18.9 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.

18.10 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.

18.11 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).

18.12 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 21.7 (*Insolvency proceedings*) are pending or, to its knowledge, threatened against it or any member of the Borrower Group which is a Material Subsidiary.

18.13 Tax liabilities

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).

18.14 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.

18.15 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.

18.16 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.

18.17 United States Regulations

Neither it nor any member of the Borrower Group is:

- (a) a public utility as defined in the United States Federal Power Act of 1920; or subject to regulation thereunder;
- (b) 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
- (c) subject to regulation under any United States Federal or State law or regulation that limits its ability to incur or guarantee indebtedness.

18.18 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.

18.19 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.

18.20 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.

18.21 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.

18.22 Sanctions

No Obligor or any of its respective Subsidiaries or any other member of the Borrower Group, to the best knowledge of the Borrowers and the Obligors, any director or officer acting on behalf of a Borrower and/or any Obligor or any other member of the Borrower Group or any of their respective Subsidiaries has caused UPC Broadband or any Obligor or any member of the Borrower Group to be in violation of any applicable law, directive, national statute or administrative regulation relating to money-laundering, unlawful financial activities or unlawful use or appropriation of corporate funds including economic or financial sanctions or trade embargoes imposed by the US (including those administered by the Office of Foreign Assets Control of the US Department of Treasury or equivalent European Union measures).

18.23 Times for making representations and warranties

- (a) The representations and warranties set out in this Clause 18 (*Representations and Warranties*) are made by each Obligor on the Signing Date and (except for Clauses 18.5 (*Non-violation*),

18.6 (*Consents*), 18.7 (*No default*), 18.9 (*Financial condition*), 18.10 (*Environmental*), 18.11 (*Security Interests*), 18.12 (*Litigation and insolvency proceedings*), 18.13 (*Tax liabilities*), 18.14 (*Ownership of assets*), 18.15 (*Intellectual Property Rights*), 18.16 (*ERISA*), 18.17 (*United States Regulations*), 18.18 (*Anti-Terrorism Laws*), 18.20 (*UPC Financing*) and 18.21 (*Investment Company 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 18 (*Representations and Warranties*) (except Clauses 18.8 (*Accounts*), 18.9 (*Financial condition*) and 18.20 (*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.

19. UNDERTAKINGS

19.1 Duration

The undertakings in this Clause 19 (*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.

19.2 Financial information

- (a) UPC Broadband shall supply to the Facility Agent in sufficient copies for all the Lenders (provided however, that to the extent any reports are filed on the SEC's website or UPC Broadband's website, such reports shall be deemed supplied to the Facility Agent in sufficient copies for all the Lenders):
 - (i) 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 the Reporting Entity for that financial year;
 - (ii) 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 the Reporting Entity for that Financial Quarter in the agreed form;
 - (iii) together with any financial statements specified in paragraphs (a) or (b) above, a certificate signed by a director of UPC Broadband:
 - (A) confirming that no Default is continuing or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it;
 - (B) if as at the last day of the Ratio Period ending on the date of such financial statements the aggregate of the Outstandings under each Revolving Facility (other than Documentary Credits that are cash collateralised or undrawn) and any net indebtedness under each Ancillary Facility exceeds an amount equal to $33\frac{1}{3}$ per cent. of the aggregate of the Revolving Facility Commitments and each Ancillary Facility Commitment, setting out in reasonable detail computations establishing, as at the date of such financial statements, compliance (or detailing any non-compliance) with the financial ratio set out in Clause 20.2 (*Financial Ratio*) and showing figures representing the actual financial ratio then in effect;
 - (C) certifying current compliance with the Borrowers' obligations under Clause 10.5(a) (*Mandatory prepayment from disposal proceeds*); and
 - (D) certifying compliance with Clause 19.12(a) (*Acquisitions and mergers*);
 - (iv) 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.;
 - (v) 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.; and

- (vi) together with the financial statements and accounts referred to in paragraphs (i) and (ii) above, 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 (j) of the definition of “**Permitted Security Interest**” or any other form of recourse as contemplated by Clause 19.13(b)(xii) (*Restrictions on Financial Indebtedness*).
- (b) Together with any financial statements provided in accordance with paragraph (a) above, UPC Broadband shall provide to the Facility Agent in sufficient copies for all the Lenders (provided however, that to the extent any such information is filed on the SEC’s website or UPC Broadband’s website, such information shall be deemed supplied to the Facility Agent in sufficient copies for all the Lenders):
 - (i) the Borrower Group Reconciliation; and
 - (ii) a schedule containing the components and amounts of Holdco Debt.
- (c) At any time on and from a Permitted Affiliate Group Designation Date, any financial statements provided to the Facility Agent pursuant to this Agreement shall be provided together with the accounts of any Permitted Affiliate Parent and any of its Subsidiaries that are members of the Borrower Group on a combined basis.

19.3 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.

19.3A 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.

19.4 Change in Accounting Practices

- (a) UPC Broadband may elect to apply for all purposes of this Agreement, in lieu of GAAP, IFRS. Thereafter, UPC Broadband may re-elect to apply for all purposes of this Agreement, in lieu of IFRS, GAAP.
- (b) Subject to the provisions of this Clause 19.4 (*Change in Accounting Practices*), after any such election in accordance with paragraph (a) above all:
 - (i) accounting expressions not otherwise defined in this Agreement shall be construed in accordance with; and
 - (ii) ratios, computations, and other determinations based on GAAP contained in this Agreement shall be computed in conformity with,
 at UPC Broadband's election, IFRS or GAAP.
- (c) UPC Broadband shall ensure that each set of financial information delivered to the Facility Agent pursuant to this Clause 19.2 (*Financial information*) is prepared using accounting policies, practices and procedures consistent with that applied in the preparation of the Original Borrower Group Financial Statements, unless in relation to any such set of financial information, UPC Broadband elects to notify the Facility Agent that there have been one or more changes in any such accounting policies, practices or procedures (including, without limitation, any change in the basis upon which costs are capitalised or any changes resulting from UPC Broadband's decision at any time to adopt GAAP or IFRS) and:
 - (i) in respect of any change in the basis upon which the information required to be delivered pursuant to Clause 19.2 (*Financial information*) is prepared, UPC Broadband provides either a statement (providing reasonable detail) confirming the changes would have no material effect on the operation of the ratio set out in Clause 20.2 (*Financial Ratio*) and/or any other ratio set out in this Agreement or:
 - (A) a description of the changes and the adjustments which would be required to be made to that financial information in order to cause them to reflect the accounting policies, practices or procedures upon which the Original Borrower Group Financial Statements were prepared; and
 - (B) sufficient information, in such detail and format as may be reasonably required by the Facility Agent, to enable the Lenders to make an accurate comparison between the financial positions indicated by that financial information and by the Original Borrower Group Financial Statements, and any reference in this Agreement to that financial information shall be construed as a reference to that financial information as adjusted to reflect the basis upon which the Original Borrower Group Financial Statements were prepared;
 - (ii) in the event of any changes to such accounting policies, practices or procedures other than resulting from UPC Broadband's decision to adopt IFRS, if UPC Broadband notifies the Facility Agent that it is no longer practicable to test compliance with the financial covenant set out in Clause 20 (*Financial Covenant*) and/or any other ratio set out in this Agreement against the financial information required to be delivered pursuant to this Clause 19 (*Undertakings*) or that it wishes to cease preparing the additional information required by paragraph (a) above, in which case:
 - (A) the Facility Agent and UPC Broadband shall enter into negotiations with a view to agreeing an alternative financial covenant and/or ratio to replace the ratios contained in Clause 20 (*Financial Covenant*) and/or any other ratio set out in this Agreement in order to maintain a consistent basis for such financial covenant or ratio (and for approval by the Majority Lenders); and

- (B) if the Facility Agent and UPC Broadband agree an alternative financial covenant to replace those contained in Clause 20 (*Financial Covenant*) and/or any other ratio set out in this Agreement which are acceptable to the Majority Lenders, such alternative financial covenant shall be binding on all parties hereto; and
 - (C) if, after three months following the date of the notice given to the Facility Agent pursuant to this paragraph (ii), the Facility Agent and UPC Broadband cannot agree an alternative financial covenant and/or an alternative for another ratio set out in this Agreement which are acceptable to the Majority Lenders, the Facility Agent shall refer the matter to any Auditors as may be agreed between UPC Broadband and the Facility Agent for determination of the adjustments required to be made to such financial information or the calculation of such ratios to take account of such change, such determination to be binding on the parties hereto, provided that pending such determination (but not thereafter) UPC Broadband shall continue to prepare financial information and calculate such financial covenant in accordance with paragraph (i) above; or
- (iii) in the event of any changes to such accounting policies, practices or procedures resulting from UPC Broadband's decision to adopt IFRS, if UPC Broadband notifies the Facility Agent that it is no longer practicable to test compliance with the financial covenant set out in Clause 20 (*Financial Covenant*) and/or any other ratio set out in this Agreement against the financial information required to be delivered pursuant to this Clause 19 (*Undertakings*) or that it wishes to cease preparing the additional information required by paragraph (i) above, in which case:
- (A) UPC Broadband shall provide the Facility Agent with revised (1) financial covenant ratio levels to replace those contained in Clause 20.2 (*Financial Ratio*) (the "**Revised Ratio**") and (2) financial covenant definitions to replace those contained in Clause 20.1 (*Financial definitions*) and/or a revised ratio to replace that set out in any other provision of this Agreement (the "**Revised Definitions**"), in each case resulting from the adoption of IFRS by UPC Broadband and that are substantially equivalent to the financial covenant ratio levels and definitions in existence at such time on the basis of GAAP, as confirmed by a report of a reputable accounting firm; and
 - (B) the Revised Ratio and Revised Definitions shall become effective, and this Agreement shall be amended accordingly to reflect such amendments without any further consents from any Lender, if the Facility Agent (acting on the instructions of the Majority Lenders) has not objected (acting reasonably) to the implementation of the Revised Ratio and Revised Definitions within 60 days after receipt thereof provided that, if at any time after UPC Broadband has adopted IFRS, it then elects to adopt GAAP, this Agreement shall, immediately upon such election, be amended to reflect such amendments without any further consents by any Finance Party to implement a deletion of the Revised Ratio and Revised Definitions and to reinstate the financial covenant ratio level contained in Clause 20.2 (*Financial Ratio*) and/or any other ratio set out in any other provision of this Agreement and the financial covenant definitions contained in Clause 20.1 (*Financial definitions*), in each case, as at the 2016 First Amendment Effective Date (updated to reflect any other amendments made since that date) subject to any amendments in accordance with paragraphs (i) and (ii) above and provided that the reconciliation required under paragraph (i) above is also provided by UPC Broadband,

provided that if UPC Broadband wishes to cease preparing additional information in the form of a statement (providing reasonable detail) confirming that changes would have no material effect on the operation of the ratio set out in Clause 20.2 (*Financial Ratio*) and/or any other ratio set out in this Agreement for each set of financial information (the "**Statement**"), UPC Broadband may provide the Facility Agent with a confirmation in writing that (i) the ratio set out in Clause 20.2 (*Financial Ratio*) and/or any other ratio set out in this Agreement can be tested on a substantially equivalent basis or (ii) that there would be no material effect on the operation of the ratio set out in Clause 20.2 (*Financial Ratio*) and/or any other ratio set out in this Agreement, following the adoption of IFRS or GAAP (as applicable) without the need for any amendments to such ratios or the financial definitions set out in Clause 20.2 (*Financial definitions*) and if the Facility Agent (acting on the instructions of the Majority Lenders) has not objected (acting reasonably) within 60 days of the date of such confirmation, UPC Broadband will no longer have to provide the Statement for each set of financial information.

19.5 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, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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.

19.6 Authorisations

Each Obligor (other than, in the case of paragraph (b) below, UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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.

19.7 *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).

19.8 Negative pledge

- (a) Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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 Financial Indebtedness of any member of the Borrower Group or any other person.
- (b) None of UPC Broadband Holdco, any Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt will 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), (c), (e) or (g) of the definition of Permitted Security Interest).
- (c) In the event that a Security Interest meets the criteria of more than one of the types of Permitted Security Interest described in the paragraphs of the definition of “Permitted Security Interest”, UPC Broadband, in its sole discretion, shall classify such Security Interest on the date such Security Interest subsists, arises, is created or extended and shall only be required to include such Security Interest under one of such paragraphs and will be permitted on the date such Security Interest subsists, arises, is created or extended to divide and classify such Security Interest in more than one of the types of Security Interest described in such paragraphs, and, from time to time, may reclassify all or a portion of such Security Interest, in any manner that complies with this covenant.

19.9 Business

No Obligor shall (and UPC Broadband shall procure 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 this Agreement, 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 this Clause 19.9 (*Business*) shall not be breached by an Obligor or any member of the Borrower Group making a disposal permitted by Clause 19.11 (*Disposals*), an acquisition or investment permitted by Clause 19.12 (*Acquisitions and Mergers*) or entering into any Permitted Joint Venture.

19.10 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.

19.11 Disposals

- (a) Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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 19.15 (*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) a payment required to be made under the Senior Secured Finance Documents;
 - (ii) any Permitted Transaction;
 - (iii) 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 disposal and the Net 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;

- (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 or of any funds received pursuant to the implementation of a Funding Passthrough;
- (vi) disposals of property or other assets required to satisfy any pension plan contribution liabilities;
- (vii) disposals of accounts receivable on arms' length commercial terms pursuant to an asset securitisation programme or receivables factoring transactions (recourse and non-recourse), provided that the aggregate amount of all such asset securitisations or receivables factoring transactions does not exceed the greater of
 - (A) €250,000,000 (or its equivalent in other currencies) at any time; and
 - (B) 5% of Total Assets at any time;
- (viii) disposals of shares or other interests in any Project Company, Borrower Group Excluded Subsidiary or Joint Venture or the assignment of any Financial Indebtedness owed to a member of the Borrower Group by any Project Company, Borrower Group Excluded Subsidiary or a Joint Venture;
- (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 payment 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 aggregate net book value of all assets being exchanged in reliance on this paragraph (xi) exceeds €50,000,000 (or its equivalent in other currencies) in any Financial Quarter, there is delivered to the Facility Agent, within 30 days from the end of such Financial Quarter, a certificate signed by an authorised signatory of the Borrower Group (given without personal liability) certifying that the assets received by such member of the Borrower Group in reliance on this paragraph (xi) during such Financial Quarter are of a similar or comparable value to the assets disposed of by such member of the Borrower Group;
- (xii) disposals constituting the surrender of tax losses by any member of the Borrower Group:
 - (A) to any other member of the Borrower Group;
 - (B) to any other member of the Wider Group, where the surrendering company receives fair market value for such tax losses from the relevant recipient; or
 - (C) in order to eliminate, satisfy or discharge any Tax liability of a former member of the Wider Group which has been disposed of pursuant to a disposal permitted by the terms of this Agreement, to the extent that a member of the Borrower Group would have a liability (in the form of an indemnification obligation or otherwise) to one or more persons in relation to such Tax liability if not so eliminated, satisfied or discharged;
- (xiii) disposals of assets to and sharing assets with any person who is providing services related to such assets, the provision of which have been or are to be outsourced by UPC Broadband or any member of the Borrower Group to such person;
- (xiv) disposals of assets pursuant to sale and leaseback transactions (regardless of whether any such lease resulting from such a transaction constitutes an operating or a Finance Lease) where the aggregate fair market value of any assets disposed of in reliance on this paragraph (xiv) does not exceed the greater of:
 - (A) €250,000,000 (or its equivalent in other currencies); and
 - (B) five per cent. of Total Assets,
 in any financial year and any disposals of assets pursuant to sale and leaseback transactions constituting Financial Indebtedness to the extent such Financial Indebtedness is permitted under this Agreement;

- (xv) disposals of non-core assets acquired in connection with a transaction permitted under Clause 19.12 (*Acquisitions and Mergers*);
- (xvi) any disposal of all or part of a business division pursuant to a Business Division Transaction;
- (xvii) disposals constituted by licences of intellectual property rights permitted by Clause 19.18 (*Intellectual Property Rights*);
- (xviii) any disposal of assets made pursuant to the establishment of a Permitted Joint Venture or any disposal of assets to a Permitted Joint Venture;
- (xix) any disposal made in relation to a compulsory purchase order or any other order of any agency of state, authority or other regulatory body or any applicable law or regulation not exceeding €25,000,000 (or its equivalent in other currencies) 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 arms' length commercial terms where the cash proceeds of such disposal are reinvested within 12 months of the date of the relevant disposal in the purchase of replacement assets by a member of the Borrower Group (or within 18 months of the date of the relevant disposal if the proceeds are, within 12 months of the date of the relevant disposal, contractually committed to be so applied) provided that where the relevant member of the Borrower Group that has made the disposal is an Obligor, such replacement assets are, in the event required by the 80% Security Test, either subject to existing Security granted by the relevant member of the Borrower Group that has acquired the replacement assets, or will be made subject to Security by such member of the Borrower Group (in form and substance substantially similar to the existing Security or otherwise in such form and substance as may reasonably be required by the Facility Agent) within 10 Business Days of the acquisition of such replacement assets;
- (xxii) disposals of real property provided that the fair market value of the real property disposed of in any financial year does not exceed the greater of €250,000,000 and 5% of Total Assets (with any unused amounts in any financial year being carried over to the next succeeding financial year subject to a maximum of the greater of €250,000,000 and 5% of Total Assets of carried over amounts for any financial year);
- (xxiii) a Regulatory Authority Disposal;
- (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;
- (xxv) disposals (including, for the avoidance of doubt, the outsourcing of activities that support or are incidental to the Business) on arm's length commercial terms in the ordinary course of business;
- (xxvi) 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 Business;
- (xxvii) 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;
- (xxviii) 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;
- (xxix) disposals of any interest in an Unrestricted Subsidiary;
- (xxx) disposals made in connection with Approved Stock Options;
- (xxxi) 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**");

For the avoidance of doubt and without limiting the generality of paragraph (xxxi) 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.
- (xxxii) payment, transfer or other disposal of consideration for any Acquisition, merger or consolidation permitted by Clause 19.12 (*Acquisitions and mergers*);
 - (xxxiii) disposals of cash or cash equivalents constituting any distribution, dividend, transfer, loan or other transaction permitted by Clause 19.14 (*Restricted Payments*);
 - (xxxiv) 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;
 - (xxxv) 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.
 - (xxxvi) 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 19.12 (*Acquisitions and Mergers*);
 - (xxxvii) disposals of the share capital of, or any interest in, any person which is not a member of the Borrower Group;
 - (xxxviii) disposals of assets permitted in accordance with Clause 19.14(c)(iv) (*Restricted Payments*);
 - (xxxix) disposals of assets related to accounts receivables subject to a Permitted Disposal including, without limitation, all Security Interests securing such receivables, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such receivables and other assets which are customarily transferred or in respect of which Security Interests are customarily granted in connection with asset securitisation programmes or receivables factoring transactions involving receivables and any hedging obligations entered into by any member of the Borrower Group in connection with such accounts receivable;
 - (xl) disposals of assets (or a fractional undivided interest therein) related to receivables permitted to be disposed of in connection with an asset securitisation programme or receivables factoring transactions including, without limitation, all Security Interests securing such receivables, all contracts and all guarantees or other obligations in respect of such receivables, the proceeds of such receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with an asset securitisation involving receivables and any hedging obligations entered into in connection with such receivables;
 - (xli) disposals of investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements provided that any cash or Cash Equivalent Investments received in such disposition is applied in accordance with Clause 10.5 (*Mandatory Prepayment from Disposal Proceeds*);
 - (xlii) disposals with respect to property built, repaired, improved, owned or otherwise acquired by a member of the Borrower Group pursuant to customary sale and lease-back transactions, asset securitisations and other similar financings permitted by this Agreement;

- (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 10.5(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 ratio set out in Clause 20.2 (*Financial Ratio*) were re-calculated for the Latest Ratio Period but adjusting the:

- (x) adding any net increase in Senior Net Debt of the Borrower Group since the end of the Latest Ratio Period or subtracting any net reduction in the Senior Net Debt 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 10.3 (*Voluntary prepayment*) or Clause 10.5(a) (*Mandatory prepayment from disposal proceeds*) of this Agreement from the proceeds of such disposal; and
- (y) in the event of a Committed Acquisition Designation, adding any net increase in Senior Net Debt of the Borrower Group or subtracting any net reduction in the Senior Net Debt 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

- (x) 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
- (y) 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,

(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 (xlvi) 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.

- (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 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)(xlvii) above shall be determined by deducting B from A, where:
 - (A) A equals the percentage of the Annualised EBITDA of the Borrower Group represented by the Annualised EBITDA of the person or asset disposed of for the latest Ratio Period; and
 - (B) B equals the percentage of the Annualised EBITDA of the Borrower 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)(b)(xlvii) and (c) above:

“Annualised EBITDA” and **“EBITDA”** have the meaning given to them in Clause 20.1 (*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 the Reporting Entity 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)(b)(xlvii) 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 19.2 (*Financial information*);

percentage value means:

- (i) 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
- (ii) 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 10.5(a) (*Mandatory prepayment of disposal proceeds*) and/or repaid pursuant to Clause 10.3 (*Voluntary prepayment*);and

“**Reinvestment**” means the reinvestment of all or any part of the Net Proceeds of a previous disposal made under paragraph (b)(xlv) 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, none of UPC Broadband Holdco, any Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt will 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 paragraph (b)(xii) above will be applied against the Additional 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 Utilisations, against all outstanding Utilisations 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) In the event that a transaction (or a portion thereof) meets the criteria of a Permitted Disposal and also meets the criteria of a Permitted Payment, UPC Broadband in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as a disposal permitted under Clause 19.11(b) (*Disposals*) and/or a Permitted Payment under Clause 19.14(c) (*Restricted Payments*).

19.12 Acquisitions and mergers

- (a) No Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) will, and each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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 Transaction;
 - (iv) any Permitted Joint Venture; or
 - (v) 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; or
 - (vi) in connection with a merger or consolidation permitted by paragraph (b) below or by Clause 19.30 (*Internal Reorganisations*).
- (b) Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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 save for:
 - (i) any Permitted Transaction;

- (ii) Acquisitions permitted by paragraph (a) above and disposals permitted by Clause 19.11 (*Disposals*); or
- (iii) with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders); or
- (iv) in the event that the relevant member of the Borrower Group liquidates or dissolves in accordance with the provisions of Clause 19.30 (*Internal Reorganisations*); or
- (v) 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 paragraphs (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 a certificate signed by an authorised signatory which certifies that the Borrower Group will be in compliance with the undertaking set out in Clause 20.2 (*Financial Ratio*) on a pro forma basis following such merger or consolidation;
 - (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 paragraphs (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 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 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:

- (1) both of which are not Obligors; and
- (2) 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.

19.13 Restrictions on Financial Indebtedness

- (a) Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has

issued, Holdco Debt) 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 or guarantees permitted pursuant to Clause 19.15 (*Loans and guarantees*);
- (iii) any Financial Indebtedness incurred through a Subordinated Shareholder Loan made to any member of the Borrower Group;
- (iv) 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);
- (v) any Financial Indebtedness constituting a Permitted Transaction;
- (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 Hedging Agreements and any other hedging arrangements permitted or not prohibited by this Agreement;
- (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 19.12 (*Acquisitions and mergers*) where such Financial Indebtedness existed at the date of completion of such Permitted Acquisition provided that the amount of such Financial Indebtedness is not increased beyond the amount in existence at the date of completion of the acquisition (subject to the accrual of interest);
- (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 arising in relation to either an Asset Passthrough or a Funding Passthrough;
- (xvii) Financial Indebtedness arising in respect of any guarantee given by any member of the Borrower Group in respect of any issuer of Holdco Debt's obligations under any Holdco Debt, provided that any such guarantee is given on a subordinated unsecured basis and is subject to the terms of the Intercreditor Agreement and further provided that no Default or Event of Default is continuing or occurs as a result of such Holdco Debt being raised or issued;
- (xviii) Financial Indebtedness arising under sale and leaseback arrangements or Vendor Financing Arrangements (to the extent these constitute Financial Indebtedness) provided that the aggregate principal amount thereof does not at any time exceed the amount that could be incurred so that the ratio of Senior Net Debt to Annualised EBITDA (giving pro forma effect to any such Financial Indebtedness and the use of proceeds thereof) is equal to, or less than, 4.50:1.00; and provided further that, in each case, the relevant sale and leaseback lessor or provider of Vendor Financing Arrangements does not have the benefit of any Security Interest other than over the assets the subject of such sale and leaseback arrangements and/or Vendor Financing Arrangements;
- (xix) 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;
- (xx) Financial Indebtedness of any Asset Securitisation Subsidiary incurred solely to finance any asset securitisation programme or programmes or one or more receivables factoring transactions otherwise permitted by Clause 19.11 (*Disposals*);
- (xxi) Financial Indebtedness arising under tax-related financings designated in good faith as such by prior written notice from UPC Broadband to the Facility Agent, provided that the aggregate principal amount of such Financial Indebtedness outstanding at any time does not exceed €250,000,000;
- (xxii) Financial Indebtedness of any Obligor incurred after the 2016 ICA Amendment Effective Date provided that the ratios (after giving pro forma effect to the incurrence of any such Financial Indebtedness pursuant to this paragraph (xxii) and the ultimate use of proceeds thereof and to any movement of cash out of the Borrower Group since such date pursuant to any Permitted Payments) on the Quarter Date prior to any such incurrence would not exceed:
 - (A) in relation to Senior Net Debt to Annualised EBITDA, 4.50:1; and

- (B) in relation to Total Net Debt to Annualised EBITDA, 5.50:1,
and, provided further that such Financial Indebtedness is subject to the terms of the Intercreditor Agreement;
- (xxiii) any Financial Indebtedness incurred after the 2016 ICA Amendment Effective Date arising in respect of any Senior Secured Notes and any guarantee in respect of any Senior Secured Notes given by any member of the Borrower Group that is an Obligor, in each case, subject to the terms of the Intercreditor Agreement;
- (xxiv) any Financial Indebtedness which is incurred on a second lien ranking basis provided that:
- (A) (other than in the case of a refinancing of other secured Financial Indebtedness in the same or a lesser principal amount) the Total Net Debt to Annualised EBITDA ratio on a pro forma basis would not be greater than 5.50:1; and
- (B) such Financial Indebtedness constitutes Second Lien Liabilities (under and as defined in the Intercreditor Agreement) or is subject to other intercreditor arrangements on terms satisfactory to the Facility Agent and the Security Agent (in each case, acting reasonably) and, where the rights of the holders of such Financial Indebtedness will be contractually subordinated to the rights of the Lenders, on terms comparable to the All3Media Intercreditor Agreement (as amended from time to time up until the date of the additional facility AN accession agreement relating to this Agreement between, among others, UPC Financing and the Facility Agent) with such adjustments and amendments as agreed between UPC Broadband, the Security Agent and the Facility Agent (acting reasonably in each case);
- (xxv) Financial Indebtedness incurred constituting reimbursement obligations with respect to letters of credit issued and bank guarantees in the ordinary course of business provided to lessors of real property or otherwise in connection with the leasing of real property and letters of credit in connection with the maintenance of, or pursuant to the requirements of, environmental or other permits or licenses in respect of any government requirement, or other Financial Indebtedness with respect to reimbursement type obligations regarding the foregoing; provided, however, that upon the drawing of such letters of credit or the incurrence of such Financial Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;
- (xxvi) Financial Indebtedness arising from (i) facilities or services related to cash management, cash pooling, treasury, depository, overdraft, credit or debit card, p-cards (including purchasing cards or commercial cards), electronic funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade financial services or other cash management and cash pooling arrangements and (ii) daylight exposures of any member of the Borrower Group in respect of banking and treasury arrangements entered into in the ordinary course of business; and
- (xxvii) any other Financial Indebtedness in addition to the Financial Indebtedness falling within paragraphs (i) to (xxvi) above not exceeding at any time more than the greater of:
- (A) €250,000,000 in aggregate (or its equivalent in other currencies); and
- (B) five per cent. of Total Assets,
- and further provided that in the case of any Financial Indebtedness constituted by an overdraft facility which operates on a gross/net basis only the net amount of such facility shall count towards such aggregate amount.
- (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 any Restricted Person other than Subordinated Shareholder Loans.
- (d) In the event that Financial Indebtedness meets the criteria of more than one of the types of Permitted Financial Indebtedness described in paragraph (b) above, UPC Broadband, in its sole discretion, shall 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 such paragraphs 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 the types of Financial Indebtedness described in such paragraphs, and, from time to time, may reclassify all or a portion of such Financial Indebtedness, in any manner that complies with this covenant.

19.14 Restricted Payments

- (a) Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) will not, and will procure that no member of the Borrower Group will, make any Restricted Payments other than Permitted Payments.
- (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;
 - (iii) any transfer of assets, loan or other payment; or
 - (iv) any transfer of tax losses (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),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 or transfer of tax losses:
 - (i) in respect of a Permitted Transaction;
 - (ii) 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 19.20 (*Priority*));
 - (iii) 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 the greater of €50,000,000 and 1% of Total Assets in any financial year provided that, at the time of payment, no Default is continuing or would occur as a result of such payment;
 - (iv) by way of payment of principal or interest on Subordinated Shareholder Loans or by way of loan, distributions, dividends or other payments provided that:
 - (A) the applicable ratio for the purposes of Clause 20.2 (*Financial Ratio*) is 4.00:1 or less prior to making the relevant payment and will be 4.00:1 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;
 - (v) by way of 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), provided that:
 - (A) the applicable ratio for the purposes of Clause 20.2 (*Financial Ratio*) is 4.00:1 or less prior to making the relevant transfer of tax losses and will be 4.00:1 or less after such transfer of tax losses has been made; and
 - (B) no Default has occurred and is continuing or would occur as a result of such transfer of tax losses;
 - (vi) in respect of a Permitted Acquisition (including, without limitation, by way of payment to any Restricted Person of consideration for an acquisition, merger or consolidation permitted by Clause 19.12 (*Acquisitions and mergers*));
 - (vii) by way of transfer to any Restricted Person of any Non-Distribution Business Assets (as defined in Clause 19.11(b)(xxxi) (*Disposals*)) permitted in accordance with Clause 19.11(b)(xxxi) (*Disposals*);

- (viii) in respect of a Permitted Disposal;
- (ix) to the extent required for the purpose of making payments to the indenture trustee for any Senior Unsecured Notes in respect of any Senior Unsecured Notes Trustee Amounts (as such term is defined in the Intercreditor Agreement after the 2016 ICA Amendment Effective Date,);
- (x) at any time after the occurrence of an Event of Default, to the extent required to fund Permitted Payments not otherwise prohibited under the Intercreditor Agreement;
- (xi) to the extent such distribution, dividend, transfer of assets, loan or other payment is in respect of a nominal amount;
- (xii) made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a person or entity that is not a member of the Borrower Group in connection with, an asset securitisation programme or receivables factoring transaction otherwise permitted as a Permitted Disposal under paragraph (vii) of that definition;
- (xiii) made pursuant to an Asset Passthrough or a Funding Passthrough, in each case, funded from cash generated by entities outside of the Borrower Group;
- (xiv) made to any member of the Wider Group (other than a member of the Borrower Group), provided that:
 - (A) an amount equal to such payment is reinvested by such member of the Wider Group (other than the Borrower Group) into a member of the Borrower Group within three days of receipt thereof;
 - (B) the aggregate principal amount of such payments and reinvested amounts at any time does not exceed an amount equal to €300,000,000; and
 - (C) to the extent any such payments are made in cash, any re-invested amounts are also made in cash provided that any such re-invested amounts shall be in the form of Subordinated Shareholder Loans, equity or the repayment of an intercompany loan or advance;
- (xv) which is required in order to facilitate the making of payments by any person and to the extent required:
 - (A) by the terms of the Senior Secured Finance Documents;
 - (B) by the terms of any Holdco Debt (or, in each case, any guarantee of the obligations thereunder) provided that:
 - (1) no Event of Default has occurred under Clause 21.2 (*Non-payment*), 21.6 (*Insolvency*), 21.7 (*Insolvency Proceedings*) or 21.9 (*Creditors' process*), and is continuing;
 - (2) there has been no breach of Clause 20.2 (*Financial Ratio*) pursuant to which the Composite Revolving Facility Instructing Group continues to have a right to direct the Facility Agent to take any action in accordance with Clause 21.20 (*Maintenance Covenant Revolving Facility Acceleration*);
 - (3) no Event of Default has occurred in respect of which any notice has been served by the Facility Agent in accordance with Clause 21.19 (*Acceleration*);
 - (4) no automatic acceleration has occurred in accordance with Clause 21.21 (*Automatic Acceleration*), other than where:
 - (x) such payment is permitted under paragraph (c)(ix) above; or
 - (y) such Holdco Debt is subject to the terms of the Intercreditor Agreement;
 - (C) by the terms of any Hedging Agreement to which UPC Holding, UPC Broadband Holdco or any Permitted Affiliate Holdco or any other issuer of Holdco Debt is a party in relation to the hedging of Holdco Debt to the extent such payment is not prohibited by the Intercreditor Agreement; or
 - (D) for the purposes of implementing any Content Transaction or Business Division Transaction;

- (xvi) in an amount to enable any Holding Company of a member of the Borrower Group to pay taxes that are formally due by such Holding Company but which are allocable to (A) the Borrower Group and are due by such Holding Company as a result of the Borrower Group being included in a fiscal unity (for corporate income and/or VAT purposes) with such Holding Company or (B) acting as a holding and/or financing company of the Borrower Group;
- (xvii) contemplated by a Regulatory Authority Disposal;
- (xviii) in an amount not exceeding the greater of (i) €250,000,000 in aggregate (or its equivalent in other currencies) and (ii) five per cent. of Total Assets, in each case, from the cash proceeds of a Content Transaction provided that no Event of Default has occurred or is continuing or would result following such payment;
- (xix) made to UPC Broadband Holdco and any Permitted Affiliate Holdco of any amounts outstanding in relation to Subordinated Shareholder Loans the proceeds of which are used by such person in connection with the refinancing of Holdco Debt provided that concurrently with such payment such person advances directly or indirectly new Subordinated Shareholder Loans to an Obligor in an amount equal to or greater than the outstanding amount of the Subordinated Shareholder Loans discharged;
- (xx) made with the consent of the Majority Lenders;
- (xxi) by way of payment to any direct or indirect shareholder of UPC Broadband or any direct or indirect shareholder of any Permitted Affiliate Parent for all of its out-of-pocket expenses incurred in connection with its direct or indirect investment in UPC Broadband or any Permitted Affiliate Parent and any of their Subsidiaries;
- (xxii) to fund the payment of Holding Company Expenses;
- (xxiii) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including without limitation in connection with acquisitions or divestitures, which payments are approved by a majority of the members of the board of directors of UPC Holding, UPC Broadband Holdco or any Permitted Affiliate Holdco;
- (xxiv) any other distribution, dividend, transfer of assets, loan or other payment not falling within this paragraph (c) and not exceeding an aggregate amount equal to the greater of €250,000,000 and 5% of Total Assets in any financial year;
- (xxv) in an amount of up to the Credit Facility Excluded Amount provided that:
 - (A) no breach of this Clause 19.14 (*Restricted Payments*) shall occur as a result of a decrease in Annualised EBITDA after any such distribution, dividend, transfer of assets, loan or other payment has been made; and
 - (B) if an amount equal to the Credit Facility Excluded Amount in respect of any prior Ratio Period has been the subject of a distribution, dividend, transfer of assets, loan or other payment under this paragraph (xxv), no further distribution, dividend, transfer of assets, loan or other payment may be made under this paragraph (xxv) until there is an increase in Annualised EBITDA in respect of any subsequent Ratio Period (the “**Incremental EBITDA Amount**”) such that it is above the level of Annualised EBITDA at the time when the most recent distribution, dividend, transfer of assets, loan or other payment was made under this paragraph (xxv), in which case an amount equal to 0.25 multiplied by the Incremental EBITDA Amount for such Ratio Period may be the subject of a distribution, dividend, transfer of assets loan or other payment under this paragraph (xxv) provided that if at any time after a Permitted Payment is made under this paragraph (xxv) a Permitted Credit Facility is prepaid or repaid in full or in part, a distribution, dividend, transfer of assets, loan or other payment may be made under this paragraph (xxv) in an amount equal to (x) if in full, the Credit Facility Excluded Amount; and (y) if in part, the lower of an amount equal to (i) the Credit Facility Excluded Amount and (ii) the amount of the partial prepayment or repayment referred to above, in each case, at any time after the date of such repayment and notwithstanding any further Advance under a Permitted Credit Facility is made (including, in the case of a Revolving Facility, by way of Rollover Advance at the time of such repayment);
- (xxvi) in connection with any earn out;

- (xxvii) payments in relation to any tax losses received by any member of the Borrower Group from any member of the Wider Group 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;
 - (xxviii) 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;
 - (xxix) payments in respect of Receivables Fees;
 - (xxx) any purchase of receivables pursuant to any obligation of a seller of receivables in an asset securitisation programme or receivables factoring transaction to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defence, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller in connection with an asset securitisation programme or receivables factoring transaction; and
 - (xxxi) any payment for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including without limitation in connection with loans, capital market transactions, hedging and other derivative transactions, acquisitions or divestitures, which payments are approved by a majority of the members of the board of directors of UPC Broadband or a Permitted Affiliate Parent.
- (d) In the event that a Permitted Payment meets the criteria of more than one of the categories described in paragraph (c) above, 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 this Clause.
- (e) 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 20.2 (*Financial Ratio*) 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.

19.15 Loans and guarantees

Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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) any credit given by a member of the Borrower Group to another member of the Borrower Group which arises by reason of cash pooling, set off or other cash management arrangements of the Borrower Group or other credits relating to services performed or allocation of expenses;

- (c) as permitted by Clause 19.13 (*Restrictions on Financial Indebtedness*);
- (d) liquidity loans of a type which is customary for asset securitisation programmes or other receivables factoring transactions, provided in connection with any asset securitisation programme or receivables factoring transaction otherwise permitted by Clause 19.11(b) (*Disposals*);
- (e) the provision of any Limited Recourse;
- (f) any counter guarantee in relation to any rental guarantee;
- (g) normal trade credit in the ordinary course of business;
- (h) 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 Borrower Group must become an Additional Guarantor in accordance with Clause 29.8(a) (*Additional Obligors*) within 30 days of the granting of the guarantee made pursuant to this paragraph (v); or
- (i) to the extent that the same constitute Permitted Payments or a Permitted Disposal (not being a Permitted Disposal of cash or cash equivalents);
- (j) any loans made by any member of the Borrower Group to its employees either:
 - (i) in the ordinary course of its employees' employment; or
 - (ii) to fund the exercise of share options or the purchase of capital stock by its employees, directors, officers or consultants of the Borrower Group,

provided that the aggregate principal amount of all such loans shall not at any time exceed €10,000,000 (or its equivalent in other currencies);
- (k) any loan made by a member of the Borrower Group pursuant to either an Asset Passthrough or a Funding Passthrough;
- (l) any loan made by a member of the Borrower Group to a member of the Wider Group (other than a member of the Borrower Group), where the proceeds of such loan are, or are to be (whether directly or indirectly) used:
 - (i) to make payments to the indenture trustee for the Senior Unsecured Notes in respect of Senior Unsecured Notes Trustee Amounts (as terms are defined in the Intercreditor Agreement after the 2016 ICA Amendment Effective Date,) in respect of the Senior Unsecured Notes;
 - (ii) to make payments under the Senior Secured Notes Documents;
 - (iii) provided that no Event of Default has occurred and is continuing or is likely to occur as a result thereof, to fund Permitted Payments; or
 - (iv) at any time after the occurrence of an Event of Default, to fund Permitted Payments to the extent not prohibited by the Intercreditor Agreement;
- (m) credit granted by any member of the Borrower Group to a member of the Wider Group, where the Financial Indebtedness outstanding thereunder relates to Intra-Group Services in the ordinary course of business;
- (n) any loan granted as a result of a Subscriber being allowed terms, in the ordinary course of trade, whereby it does not have to pay for the services provided to it for a period after the provision of such services;
- (o) any Permitted Transaction;

- (p) any customary title guarantee given in connection with the assignment of leases where such assignment is permitted under Clause 19.11 (*Disposals*);
- (q) 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 19.12 (*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 €300,000,000 at any time;
- (r) any loans or credit granted in accordance with Clause 19.12 (*Acquisitions and mergers*);
- (s) 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 otherwise);
- (t) any loans or other credit made available to Asset Securitisation Subsidiaries and any notes issued by, and other amounts payable over time, by a purchaser of receivables in relation to any asset securitisation programme or receivables factoring transaction using a deferred purchase price structure including amounts payable pursuant to financing or operating leases;
- (u) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the relevant member of the Borrower Group;
- (v) loans made, credit granted or guarantees given or the entry into any transaction having the effect of lending money by any member of the Borrower Group to any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business;
- (w) loans made, credit granted, guarantees given or the entry into any transaction having the effect of lending money by any member of the Borrower Group constituting (i) facilities or services related to cash management, cash pooling, treasury, depository, overdraft, credit or debit card, p-cards (including purchasing cards or commercial cards), electronic funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade financial services or other cash management and cash pooling arrangements and (ii) daylight exposures of any member of the Borrower Group in respect of banking and treasury arrangements entered into in the ordinary course of business;
- (x) other than in respect of Financial Indebtedness, guarantees given by persons or undertakings acquired pursuant to a Permitted Acquisition;
- (y) any deferred consideration on Permitted Disposals up to 25 per cent. of the sale consideration; and
- (z) loans made, credit granted or guarantees given by any member of the Borrower Group not falling within paragraphs (a) to (y) above, in an aggregate amount not exceeding the greater of €100,000,000 (or its equivalent in other currencies) and two per cent. of Total Assets outstanding at any time.

19.16 Environmental matters

Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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.

19.17 Insurance

Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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.

19.18 Intellectual Property Rights

Except as otherwise permitted by this Agreement, each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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.

19.19 Share capital

Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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 19.12(b)(v) (*Acquisitions and mergers*) or a solvent liquidation permitted under Clause 19.30 (*Internal Reorganisations*)) will, reduce its capital or purchase or redeem any class of its shares or any other ownership interest in it, except (a) to the extent the same constitutes a Permitted Transaction, (b) where all of the share capital of such member of the Borrower Group is held by one or more other members of the Borrower Group, (c) in respect of a nominal amount, or (d) 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 19.14 (*Restricted Payments*).

19.20 Priority

For as long as Priority Telecom N.V. is a Restricted Person, each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted

Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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.

19.21 Share security

Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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) below, an Obligor (other than UPC Broadband, UPC Holding II, UPC Broadband Holdco, any Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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 19.12 (*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, LGEF or any LGEF Subsidiary 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.

19.22 Shareholder Loans

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:

- (a) enter into a Pledge of Subordinated Shareholder Loans on terms and conditions satisfactory to the Facility Agent and, prior to the 2016 ICA Amendment Effective Date, a Security Provider's Deed of Accession (or, following the 2016 ICA Amendment Effective Date, an accession deed to the Intercreditor Agreement) 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, Security Provider's Deed of Accession or accession deed (as applicable) 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; and

- (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.

19.23 Further security over receivables

On or prior to the Asset Security Release Date only, UPC Broadband shall:

- (a) on each date on which it is required to deliver the financial statements referred to in Clause 19.2(a) (*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 paragraph (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) prior to the 2016 ICA Amendment Effective Date, a Security Provider's Deed of Accession (or, following the 2016 ICA Amendment Effective Date, an accession deed to the Intercreditor Agreement) 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 or accession deed (as applicable) 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.

19.24 Financial year end

Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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).

19.25 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.

19.26 ERISA

Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued,

Holdco Debt) 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.

19.27 UPC Financing

- (a) Each Borrower will ensure that the proceeds of any loan made to 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, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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.

19.28 Content Transaction

- (a) Notwithstanding any other provisions of this Agreement, no Content Transaction shall be restricted by (nor deemed to constitute a utilisation of any of the permitted exceptions to) any provision of this Agreement, neither shall the implementation of any Content Transaction constitute a breach of any provision of any Finance Document, provided that:
 - (i) the cash proceeds of any Content Transaction are applied in accordance with Clause 10.5 (*Mandatory prepayment from disposal proceeds*);
 - (ii) after giving pro forma effect for such Content Transaction:
 - (A) the Total Net Debt to Annualised EBITDA ratio does not exceed 5.50:1; and
 - (B) the Senior Net Debt to Annualised EBITDA ratio does not exceed 4.50:1; and
 - (iii) at the time of completion of such Content Transaction, no Event of Default has occurred and is continuing and no Event of Default would occur as a result of such Content Transaction.
- (b) Any Joint Venture established pursuant to a Content Transaction shall thereafter not be subject to any restrictions under this Agreement.

19.29 Asset Security Release

- (a) Following receipt by the Lenders of the Lender Asset Security Release Confirmation, the Security Agent shall (and it is hereby authorised by the other Finance Parties (including, if applicable, in their capacities as Hedge Counterparties) to) be irrevocably authorised by the Lenders to execute such documents as may be required to ensure that the Security (other than (i) any Security required to be granted under paragraph (b)(ii) of the definition of "80% Security Test" and (ii) any Security provided over any account in connection with a Borrower providing cash cover for a Documentary Credit or an Ancillary Facility pursuant to Clause 6.9(a) (*Cash Cover by Borrower*) and Clause 1.2(a)(iv) (*Construction*)) is released.
- (b) The Lenders shall procure that any of their Affiliates that are Hedge Counterparties shall, at the request of UPC Broadband at any time, enter into all documentation that is necessary or desirable to ensure that, subject to obtaining the consent to the extent necessary of any applicable party to the Intercreditor Agreement (and, prior to the 2016 ICA Amendment Effective Date, the Existing Intercreditor Deed) that is not a Party (or an Affiliate of a Party that is a Hedge Counterparty) the Security (other than (i) any Security required to be granted under paragraph (b)(ii) of the definition of "80% Security Test" and (ii) any Security provided over any account in connection with a Borrower providing cash cover for a Documentary Credit or an Ancillary Facility pursuant to Clause 6.9(a) (*Cash Cover by Borrower*) and Clause 1.2(a)(iv) (*Construction*)) is released.

19.30 Internal Reorganisations

- (a) No Obligor shall (for these purposes, a “**Predecessor Obligor**”), without the prior written consent of the Majority Lenders, liquidate on a solvent basis any Borrower, any Obligor that is a Material Subsidiary or UPC Broadband (a “**Solvent Liquidation**”) unless:
 - (i) on or prior to the Solvent Liquidation, an entity (the “**Successor Entity**”) acquires substantially all of the assets and assumes substantially all of the liabilities of the Predecessor Obligor (a “**Liquidation Transfer**”), excluding any rights under contracts that cannot be assigned or liabilities that will be satisfied or released upon the Solvent Liquidation, on an arms’ length basis and for full consideration;
 - (ii) the Successor Entity is organised in the same jurisdiction as that in which the Predecessor Obligor is organised and is either:
 - (A) an existing Obligor; or
 - (B) a Subsidiary of UPC Broadband or a Subsidiary of any Permitted Affiliate Parent that is entitled to become (and subsequently does become) an Obligor in accordance with the provisions of Clause 29.8 (*Additional Obligors*);
 - (iii) the Successor Entity does not incur any additional material liabilities in connection with the Solvent Liquidation other than those which are to be transferred to it by the Predecessor Obligor but which did not arise directly as a result of the Solvent Liquidation;
 - (iv) to the extent previously provided in respect of the shares or the assets of the Predecessor Obligor, the Finance Parties are granted a first ranking security interest over the shares and/or assets of the Successor Entity (but only, in the case of any Predecessor Obligor other than UPC Broadband, to the extent required in order to comply with the 80% Security Test);
 - (v) no Event of Default has occurred and is continuing or would arise from the Liquidation Transfer or the Solvent Liquidation; and
 - (vi) immediately after the Solvent Liquidation, the following documents are delivered to the Facility Agent each in a form previously approved by the Facility Agent (acting on the instructions of the Majority Lenders):
 - (A) copies of solvency declarations of the directors of the Successor Entity confirming to the best of their knowledge and belief, that the Successor Entity was balance sheet solvent immediately prior to and after the Solvent Liquidation, accompanied by any report by the auditors or other advisers of the relevant Successor Entity on which such directors have relied for the purposes of giving such declaration;
 - (B) copies of the resolutions of the Predecessor Obligor and the Successor Entity (to the extent required by law) approving the Liquidation Transfer and/or the Solvent Liquidation (as applicable);
 - (C) copies of the statutory declarations of the directors of the Predecessor Obligor (to the extent required by law) given in connection with Solvent Liquidation;
 - (D) a copy of the executed transfer agreement relating to the Liquidation Transfer; and
 - (E) the legal opinion from the Successor Entity’s counsel confirming (1) the due capacity and incorporation of each of the Successor Entity and the Predecessor Obligor, (2) the power and authority of the Successor Entity to enter into and perform its obligations under this Agreement and any other Finance Document to which it is a party and (3) that the transfer agreement giving effect to the Liquidation Transfer is legally binding and enforceable in accordance with its terms.
- (b) The solvent liquidation or dissolution of any member of the Borrower Group (other than any Borrower, any Obligor that is a Material Subsidiary and UPC Broadband) shall be permitted provided that any payments or assets distributed as a result of such solvent liquidation or dissolution are distributed to other members of the Borrower Group.
- (c) The solvent reorganisation of any member of the Borrower Group (other than any Borrower and UPC Broadband) shall be permitted provided that any payments or assets distributed as a result of such solvent reorganisation are distributed to other members of the Borrower Group.

19.31 Limited Condition Transaction

- (a) In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of determining compliance with any provision of this Agreement which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of UPC Broadband, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into. For the avoidance of doubt, where UPC Broadband has exercised its option under the first sentence of this paragraph (a) and any Default or Event of Default occurs following the date of such definitive agreement for a Limited Condition Transaction is entered into prior to the consummation of such Limited Condition Transaction, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Transaction is permitted under this Agreement.
- (b) In connection with any action being taken in connection with a Limited Condition Transaction for purposes of determining compliance with any provision of this Agreement which requires the calculation of any financial ratio or test, including the ratio of Senior Net Debt to Annualised EBITDA or Total Net Debt to Annualised EBITDA, or testing baskets set forth in this Agreement including baskets measured as a percentage or multiple, as applicable, of Total Assets or Annualised EBITDA, in each case, at the option of UPC Broadband (UPC Broadband's election to exercise such option in connection with any Limited Condition Transaction, an "**LCT Election**"), the date of determination of whether such action is permitted under this Agreement shall be deemed to be the date of the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into (the "**LCT Test Date**") provided that UPC Broadband shall be entitled to subsequently elect, in its sole discretion, the date of consummation of such Limited Condition Transaction instead of the LCT Test Date as the applicable date of determination and if, after giving pro forma effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any incurrence of Financial Indebtedness and the use of proceeds thereof), as are appropriate and consistent with the pro forma adjustment provisions set forth in this Agreement, UPC Broadband, a Permitted Affiliate Parent or any member of the Borrower Group could have taken such action on the relevant LCT Test Date in compliance with the relevant ratio, test or basket, such ratio, test or basket shall be deemed to have been complied with.
- (c) If UPC Broadband has made an LCT Election and any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date are exceeded as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Annualised EBITDA or Total Assets, of UPC Broadband, a Permitted Affiliate Parent and any member of the Borrower Group or the person or assets subject to the Limited Condition Transaction (as if each reference to UPC Broadband or a member of the Borrower Group in such definitions was to such person or assets) at or prior to the consummation of the relevant transaction or action, such ratios, tests or basket amounts will not be deemed to have been exceeded as a result of such fluctuations. If UPC Broadband has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio, test or basket availability under this Agreement on or following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be calculated on a pro forma basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence of Financial Indebtedness and the use of proceeds thereof) have been consummated.

20. FINANCIAL COVENANT

20.1 Financial definitions

In this Clause 20:

"**Annualised EBITDA**" means:

- (a) for the purposes of the definition of Permitted Acquisition and Clause 19.11 (*Disposals*) 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:

- (a) depreciation;
- (b) amortisation;
- (c) all stock based compensation expenses;
- (d) (at UPC Broadband’s option) other non-cash impairment charges;
- (e) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge including any one-off reorganisation or restructuring charges;
- (f) non-cash charges;
- (g) direct or related acquisition, disposal, recapitalisation, debt incurrence or equity offering costs;
- (h) losses (gains) on the sale of operating assets;
- (i) (at UPC Broadband’s option) the effects of adjustments under Relevant Accounting Principles attributable to the application of recapitalisation 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;
- (j) (at UPC Broadband’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;
- (k) Specified Legal Expenses (as defined in this Clause 20.1 (*Financial Definitions*));
- (l) any stock based compensation exercise;
- (m) (at UPC Broadband’s option) the amount of loss on the sale of any assets in connection with an asset securitisation programme, receivables factoring transaction or other receivable transaction;
- (n) any accrued Management Fees (whether or not paid);
- (o) any Holding Company Expenses paid to the extent that they were permitted to be paid under this Agreement for such Ratio Period;
- (p) any net earnings or losses attributable to non-controlling interests;
- (q) any share of income or loss on equity investments;
- (r) deferred financing cost written off and premiums paid to extinguish debt early;
- (s) unrealised gains/losses in respect of hedging;
- (t) tangible or intangible asset impairment charges;
- (u) capitalised interest on Subordinated Shareholder Loans;
- (v) 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 the Relevant Accounting Principles;
- (w) any expense to the extent covered by insurance or indemnity and actually reimbursed;
- (x) any realised and unrealised gains and losses due to changes in the fair value of equity investments;
- (y) any up front installation fees associated with commercial contract installations completed during the applicable Ratio Period (less any portion of such fees included in earnings);
- (z) (at UPC Broadband’s option) any fees or other amounts charged or credited to UPC Broadband and the guarantors related to Intra-Group Services 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;
- (aa) 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;
- (bb) earn out payments to the extent such payments are treated as capital payments under Relevant Accounting Principles;

- (cc) 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;
- (dd) (at UPC Broadband's option) Receivables Fees;
- (ee) any charges or costs in relation to any long-term incentive plan and any interest component of pension or post-retirement benefits schemes; and
- (ff) any gross margin (revenue minus costs of goods sold) recognised by any Affiliate of UPC Broadband in relation to the sale of goods and services relating to the Business.

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 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 19.2(a)(i) or (ii) (*Financial information*) are prepared.

“Senior Debt” means at any time, the consolidated Financial Indebtedness of the Borrower Group excluding:

- (a) any Financial Indebtedness of any member of the Borrower Group to another member of the Borrower Group (including contingent obligations), to the extent not prohibited under this Agreement;
- (b) any Financial Indebtedness arising by reason only of mark to market fluctuations in respect of interest rate and foreign exchange rate hedging arrangements since the original date on which such hedging arrangements were consummated;
- (c) any Financial Indebtedness referred to in Clauses 19.13(b)(viii), 19.13(b)(xii), 19.13(b)(xiii) and 19.13(b)(xxvii) (*Restrictions on Financial Indebtedness*);
- (d) any Financial Indebtedness referred to in Clause 19.13(b)(xi) (*Restrictions on Financial Indebtedness*), for a period of six months following the date of completion of an acquisition referred to in Clause 19.13(b)(xi) (*Restrictions on Financial Indebtedness*) only;
- (e) any Financial Indebtedness up to a maximum amount equal to the Credit Facility Excluded Amount (or its equivalent in other currencies) at the relevant time incurred under a Permitted Credit Facility; and
- (f) any Financial Indebtedness which is a contingent obligation; and
- (g) any Financial Indebtedness under any Subordinated Shareholder Loans.

“Senior Net Debt” means, at any time, Senior Debt less Cash and Cash Equivalent Investments of the Borrower Group at that time.

“Specified Legal Expenses” means, to the extent not constituting an extraordinary, non-recurring or unusual loss, charge or expense, all attorneys' and experts' fees and expenses and all other costs, liabilities (including all damages, penalties, fines and indemnification and settlement payments) and expenses paid or payable in connection with any threatened, pending, completed or future claim, demand, action, suit, proceeding, inquiry or investigation (whether civil, criminal, administrative, governmental or investigative).

“Total Debt” means, at any time, the aggregate amount of:

- (a) Senior Debt;

- (b) Financial Indebtedness of each other member of the UGCE Borrower Group, but excluding any Financial Indebtedness (i) owing between member of the UGCE Borrower Group and (ii) owing between members of the UGCE Borrower Group and a member of the Wider Group (other than a member of the UGCE Borrower Group); and
- (c) Holdco Debt outstanding from time to time.

“**Total Net Debt**” means, at any time, Total Debt less Cash and Cash Equivalent Investments at that time.

20.2 Financial Ratio

Subject to Clause 21.5 (*Cross default*), in the event that on the last day of a Ratio Period the aggregate of the Outstandings under any Revolving Facility (other than Documentary Credits that are cash collateralised or undrawn) and any net indebtedness under each Ancillary Facility exceeds an amount equal to 33 ⅓ per cent. of the aggregate of the Revolving Facility Commitments and each Ancillary Facility Commitment, UPC Broadband shall procure that the ratio of Senior Net Debt to Annualised EBITDA on that day shall not exceed 4.75:1 unless otherwise agreed in writing by the Composite Revolving Facility Instructing Group and UPC Broadband.

20.3 Calculations

- (a) For the purposes of Clause 20.2 (*Financial Ratio*), Senior Net Debt for any Ratio Period will be calculated on the basis of Senior Net Debt outstanding on the last day of that Ratio Period.
- (b) For the purposes of testing compliance with the financial ratio set out in this Clause 20 (*Financial Covenant*), testing any other financial ratio in this Agreement or calculating EBITDA in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganisation or otherwise:
 - (i) calculations shall be determined in 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 reorganisations 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);
 - (ii) unless otherwise specified in this Agreement, all references to Annualised EBITDA shall be for the Latest Ratio Period (as defined in Clause 19.11(d) (*Disposals*));
 - (iii) EBITDA for the relevant period will be calculated after giving pro forma effect thereto as if any incurrence, repayment, transaction, investment, acquisition, disposition, restructuring, corporate reorganisation or otherwise occurred on the first day of such period; and
 - (iv) 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).

20.4 Cure provisions

- (a) UPC Broadband may cure a breach of the financial ratio set out in Clause 20.2 (*Financial Ratio*) 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 the amount which:
 - (i) if it had been deducted from Senior Net Debt for the Ratio Period in respect of which the breach arose, would have avoided the breach; or
 - (ii) if it had been added to EBITDA for the Ratio Period in respect of which the breach arose, would have avoided the breach.
- (b) A cure under this Clause 20.4 will not be effective unless the required amount of additional equity or the proceeds of any Subordinated Shareholder Loans are received by one or more members of the Borrower Group within 15 Business Days of delivery of the financial statements delivered under Clause 19.2 (*Financial information*) which show that Clause 20.2 (*Financial Ratio*) has been breached.

- (c) No cure may be made under this Clause 20.4:
 - (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) UPC Broadband shall be under no obligation to apply any equity injected or the proceeds of any Subordinated Shareholder Loans into the Borrower Group under paragraph (a) above in prepayment of the Facilities or for any other specific purpose and to the extent not applied such amount will be deemed to be deducted from Senior Net Debt or added to EBITDA for the purposes of Clause 20.2 (*Financial Ratio*) (as applicable) at the sole discretion of UPC Broadband.
- (e) Where a cure is exercised under this Clause 20.4 in respect of a breach of Clause 20.2 (*Financial Ratio*) 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 20.2 (*Financial Ratio*), to be increased by the amount determined under Clause 20.2 (*Financial Ratio*) above in respect of the relevant cure. This deemed increase will not be treated as a separate cure.
- (f) For the purpose of ascertaining compliance with Clause 20.2 (*Financial Ratio*), the ratio set out in Clause 20.2 (*Financial Ratio*), will be tested or retested, as applicable, giving effect to the adjustment referred to in paragraph (e) above. If, after giving effect to the adjustment, the requirements of Clause 20.2 (*Financial Ratio*) are met, then the requirements under Clause 20.2 (*Financial Ratio*) shall be deemed to have been satisfied as at the relevant original date of determination.

20.5 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 Relevant Accounting Principles.
- (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:

- (a) 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
- (b) 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.
- (c) If there is a dispute as to any interpretation of or computation for Clause 20.1 (*Financial definitions*), the interpretation or computation of the auditors of UPC Broadband shall prevail.

21. DEFAULT

21.1 Events of Default

Each of the events set out in Clauses 21.2 (*Non-payment*) to 21.18 (*Acceleration Following Financial Ratio Breach*) (whether or not caused by any reason whatsoever outside the control of any Obligor or any other person) is an Event of Default.

21.2 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 10.5(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 three Business Days (in the case of principal amounts) or five Business Days (in the case of other amounts) of the due date.

21.3 Breach of other obligations

- (a) An Obligor does not comply with any of Clauses 19.7 (*Pari passu ranking*), 19.8 (*Negative pledge*), 19.11 (*Disposals*), 19.12 (*Acquisitions and mergers*), 19.14 (*Restricted Payments*), 19.15 (*Loans and guarantees*) or 19.19 (*Share capital*).
- (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 21.2 (*Non-payment*) and other than non payment by UPC Broadband of any amount under Clause 10.5(a) (*Mandatory prepayment from disposal proceeds*) of this Agreement and, other than Clause 20 (*Financial Covenant*) but without prejudice to Clause 21.18 (*Acceleration Following Financial Ratio Breach*) or Clause 21.20 (*Maintenance Covenant Revolving Facility Acceleration*)) 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 Borrower Group, Material Subsidiaries or member of the Borrower Group in Clauses 18 (*Representations and Warranties*), 19 (*Undertakings*) and 21 (*Default*)) will not include any company which has been acquired pursuant to an Acquisition permitted under Clause 19.12(b)(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.

21.4 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 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.

21.5 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 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:
- (i) under this Clause 21.5 where the aggregate principal amount of all Financial Indebtedness to which any event specified in paragraphs (a), (b) or (c) relates is less than €75,000,000 in the case of the Borrower Group or €75,000,000 in the case of the UGCE Borrower Group or, as the case may be, the equivalent in other currencies;
 - (ii) under this Clause 21.5 if the circumstance which would otherwise have caused an Event of Default is being contested in good faith by appropriate action; or
 - (iii) under this Clause 21.5 if the relevant Financial Indebtedness is cash-collateralised and such cash is available for application in satisfaction of such Financial Indebtedness;
 - (iv) under this Clause 21.5 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;
 - (v) under 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;
 - (vi) under this Clause 21.5 if the relevant Financial Indebtedness relates to Hedging Agreements in respect of which a termination event occurs as a result of the refinancing or redemption of any Financial Indebtedness of the Borrower Group or UPC Broadband Holdco or any member of the UGCE Borrower Group or any Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt at any time during any Additional Facility Availability Period; and
 - (vii) under this Clause 21.5 if the Financial Indebtedness is in relation to a Maintenance Covenant Revolving Facility.
- (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.

21.6 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.
- (c) 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.
- (d) No Event of Default shall occur under this Clause 21.6 as a result of an Obligor commencing negotiations with any Finance Party.
- (e) **“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 “**US 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,

in each case other than in connection with the solvent liquidation of UPC Polska following the transfer of its assets to Polska Holdco.

21.7 Insolvency proceedings

- (a) Any formal voluntary step commencing legal proceedings (including petition or convening a meeting) (not being actions or proceedings which can be demonstrated to the satisfaction of the Facility Agent (within 30 days of any such action or proceedings having commenced) to that effect as frivolous, vexatious or an abuse of the process of the court or related to a claim to which such person has a good defence and which is being vigorously contested by such person) 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) (and other than any petition or document which can be demonstrated to the satisfaction of the Facility Agent (within 30 days of any such presentation or filing) to that effect as frivolous, vexatious or an abuse of the process of a court or related to a claim to which such person has a good defence and which is being vigorously contested by such person); 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:

- (i) a reconstruction or amalgamation on terms approved by the Facility Agent (acting on the instructions of the Majority Lenders);
- (ii) the solvent liquidation of UPC Polska following the transfer of its assets to Polska Holdco; or
- (iii) a solvent liquidation or dissolution set forth under Clause 19.30 (*Internal Reorganisations*) or Clause 19.12 (*Acquisitions and Mergers*).

21.8 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).

21.9 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).

21.10 Similar proceedings

Anything which has an equivalent effect to any of the events specified in Clauses 21.6 (*Insolvency*) to 21.9 (*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.

21.11 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.

21.12 Repudiation

Any Obligor or Subordinated Creditor repudiates, or evidences an intention to repudiate, any Finance Document to which it is a party.

21.13 Cessation of Distribution Business

The Borrower Group (taken as a whole) ceases to carry on all or substantially all of its Distribution Business.

21.14 Breach of Intercreditor Agreement

- (a) A Subordinated Creditor fails to comply with any of its obligations under the Intercreditor Agreement 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 Intercreditor Agreement 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.

21.15 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.

21.16 Material Adverse Change

Any event or series of events occurs which would or is reasonably likely to have a Material Adverse Effect.

21.17 ERISA

The occurrence of 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.

21.18 Acceleration Following Financial Ratio Breach

The Composite Revolving Facility Instructing Group directs the Facility Agent to take any action in accordance with Clause 21.20 (*Maintenance Covenant Revolving Facility Acceleration*) as a result of a breach of the undertaking set out in Clause 20.2 (*Financial Ratio*).

21.19 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 Ancillary Facility Commitments;
- (b) declare that all the Outstandings be payable on demand, whereupon they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders;
- (c) demand that all the Outstandings be immediately due and payable, whereupon they shall become immediately due and payable together with all interest accrued on those Outstandings and all other amounts payable by the Obligors under the Finance Documents;
- (d) declare that cash cover in respect of each Documentary Credit is immediately due and payable at which time it shall become immediately due and payable;
- (e) declare that cash cover in respect of each Documentary Credit is payable on demand at which time it shall immediately become due and payable on demand by the Agent on the instructions of the Majority Lenders;
- (f) declare all or any part of the amounts (or cash cover in relation to those amounts) outstanding under the Ancillary Facilities to be immediately due and payable, at which time they shall become immediately due and payable;
- (g) declare that all or any part of the amounts (or cash cover in relation to those amounts) outstanding under the Ancillary Facilities be payable on demand, at which time they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or
- (h) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

21.20 Maintenance Covenant Revolving Facility Acceleration

In the event of a breach of the undertakings set out in Clause 20.2 (*Financial Ratio*), subject to the expiry of the cure period in Clause 20.4 (*Cure Provisions*), the Facility Agent shall, if the Composite Revolving Facility Instructing Group so directs:

- (a) cancel the Commitments in relation to any Maintenance Covenant Revolving Facility (other than in respect of Rollover Advances) and any related Ancillary Facility Commitments;

- (b) demand that all or part of the Outstandings under any Maintenance Covenant Revolving Facility be immediately due and payable, whereupon they shall become immediately due and payable together with all interest accrued on those Outstandings and all other amounts payable by the Obligor under that Maintenance Covenant Revolving Facility;
- (c) declare that all or part of the Outstandings under any Maintenance Covenant Revolving Facility be payable on demand, whereupon they shall immediately become payable on demand by the Facility Agent on the instructions of the Composite Revolving Facility Instructing Group;
- (d) declare that cash cover in respect of each Documentary Credit under any Maintenance Covenant Revolving Facility is immediately due and payable at which time it shall become immediately due and payable;
- (e) declare that cash cover in respect of each Documentary Credit under any Maintenance Covenant Revolving Facility is payable on demand at which time it shall immediately become due and payable on demand by the Facility Agent on the instructions of the Composite Revolving Facility Instructing Group;
- (f) declare all or any part of the amounts (or cash cover in relation to those amounts) outstanding under the Ancillary Facilities in relation to any Maintenance Covenant Revolving Facility to be immediately due and payable, at which time they shall become immediately due and payable; and/or
- (g) declare that all or any part of the amounts (or cash cover in relation to those amounts) outstanding under the Ancillary Facilities in relation to any Maintenance Covenant Revolving Facility be payable on demand, at which time they shall immediately become payable on demand by the Facility Agent on the instructions of the Composite Revolving Facility Instructing Group.

21.21 Automatic Acceleration

If an Event of Default described in Clause 21.6(e)(ii), (iii) or (iv) (*Insolvency*) 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.

22. FACILITY AGENT, SECURITY AGENT, LENDERS AND L/C BANKS

22.1 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.

22.2 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 or an L/C Bank as trustee or fiduciary for any other Party or any other person and neither Agent nor any L/C Bank nor any Ancillary Facility Lender 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.

22.3 Majority Lenders' directions

- (a) Each Agent will be fully protected if it acts in accordance with the instructions of the Majority Lenders, the Composite Revolving Facility Instructing Group or the Revolving Facility Instructing Group (as

applicable) 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, the Composite Revolving Facility Instructing Group or the Revolving Facility Instructing Group (as applicable) 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.

22.4 Delegation

Each Agent and each L/C Bank may act under the Finance Documents through its personnel and agents.

22.5 Responsibility for documentation

Neither Agent nor any L/C Bank 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.

22.6 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.

22.7 Exoneration

- (a) Without limiting paragraph (b) below, neither Agent, any L/C Bank or any Ancillary Facility Lender 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 (other than any Agent, L/C Bank or Ancillary Facility Lender (as applicable)) may take any proceedings against any officer, employee or agent of either Agent, L/C Bank or Ancillary Facility Lender in respect of any claim it might have against that Agent, L/C Bank or Ancillary Facility Lender 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 22.7 and enforce its terms under the Contracts (Rights of Third Parties) Act 1999.

22.8 Reliance

Each Agent and each L/C Bank 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).

22.9 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.

22.10 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.
- (d) The Facility Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and UPC Broadband and shall disclose the same upon the written request of UPC Broadband or the Majority Lenders.
- (e) The Facility Agent may execute on behalf of any L/C Bank any Documentary Credit issued under this Agreement.

22.11 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, any L/C Bank and any Ancillary Facility Lender 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.

22.12 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).

22.13 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.

22.14 Resignation of Agents

- (a) Notwithstanding its irrevocable appointment (but subject to paragraphs (f), (g) and (h) 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 21.1 (*Resignation of the Security Agent*) of the Intercreditor Agreement (or any equivalent terms of the Intercreditor Agreement from time to time).
- (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 22 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) Provided no Default is continuing and following a period of consultation with the relevant Agent of not less than 14 days, UPC Broadband may by notice to that 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 and UPC Broadband shall appoint a successor Facility Agent acting through an office in the United Kingdom or the Netherlands (without any Lender’s consent). UPC Broadband may exercise such right to replace the Facility Agent twice during the life of the Facilities.
- (h) If requested by UPC Broadband by written notice to the Facility Agent, the Facility Agent shall resign in accordance with paragraph (a) above if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Facility Agent under the Finance Documents the Facility Agent notifies UPC Broadband that the Facility Agent will cease to be a FATCA Exempt Party on or after the FATCA Application Date and (in each case) UPC Broadband reasonably believes that a Party would be required to make a deduction on account of FATCA that would not be required if the Facility Agent were a FATCA Exempt Party.

22.15 Lenders

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.

22.16 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.

22.17 Role of Reference Banks and Alternative Reference Banks

- (a) No Reference Bank or Alternative Reference Bank is under any obligation to provide a quotation or any other information to the Facility Agent.
- (b) No Reference Bank or Alternative Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any Reference Bank Quotation, unless directly caused by its gross negligence or wilful misconduct.
- (c) No Party (other than the relevant Reference Bank or Alternative Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank or Alternative Reference Bank in respect of any claim it might have against that Reference Bank or Alternative Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Base Reference Bank or Alternative Reference Bank may rely on this Clause 22.17 subject to Clause 1.2(e) (*Construction*) and the provisions of the Third Parties Act.

22.18 Third party Reference Banks and Alternative Reference Banks

A Reference Bank or Alternative Reference Bank which is not a Party may rely on Clause 22.17 (*Role of Reference Banks and Alternative Reference Banks*) and Clause 31 (*Confidentiality of Funding Rates and Reference Bank Quotations*) subject to Clause 1.2(e) (*Construction*) and the provisions of the Third Parties Act.

23. FEES

23.1 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.

- (d) No commitment fee is payable to the Facility Agent (for the account of a Lender) on any Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

23.2 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.

23.3 VAT

Any fee referred to in this Clause 23 (*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.

23.4 Documentary Credit Fee

Each Borrower shall, in respect of each Documentary Credit issued on its behalf pay (or procure the payment of) to the Facility Agent for the account of each L/C Lender (for distribution in proportion to each L/C Lender's L/C Proportion of such Documentary Credit) a documentary credit fee in the currency in which the relevant Documentary Credit is denominated at a rate equal to the Margin for the applicable Revolving Facility applied on the Outstanding L/C Amount in relation to such Documentary Credit (less any amount which has been repaid or prepaid). Such documentary credit fee shall be paid in arrears on each Quarter Date during the Term of the relevant Documentary Credit and on the relevant Expiry Date (or the date of its repayment, prepayment or cancellation, if earlier) for that Documentary Credit.

23.5 L/C Bank Fee

Each relevant Borrower shall pay (or procure the payment of) to any other L/C Bank a fronting fee in respect of each Documentary Credit requested by it and issued by that L/C Bank, in the amount and at the times agreed in any letter entered into between such L/C Bank and such Borrower.

24. EXPENSES

24.1 Transaction Expenses

UPC Broadband shall within 10 Business Days of demand pay the Agents the amount of all costs and expenses (including legal fees, subject to any agreed caps) 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.

24.2 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 28.6 (*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, subject to any agreed caps) 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.

24.3 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.

25. STAMP DUTIES

UPC Broadband shall pay and, within 10 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 Tax liabilities payable in respect of any Finance Document (other than those imposed by reason of any assignment, novation, participation or other transfer by any Finance Party).

26. INDEMNITIES

26.1 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.

26.2 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 33 (*Pro rata Sharing*);
- (c) (i) funding, or making arrangements to fund, its participation in an Advance or (ii) its issuing or making arrangements to issue a Documentary Credit or (iii) its funding or making arrangements to fund any Ancillary Facility made available by it, in each case, requested by a Borrower under this Agreement 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.

26.3 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.

26.4 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.

27. EVIDENCE AND CALCULATIONS

27.1 Accounts

Accounts maintained by a Finance Party in connection with this Agreement are prima facie evidence of the matters to which they relate.

27.2 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.

27.3 Calculations

The interest and the fees payable under Clause 23.1 (*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.

27.4 Certificate of L/C Bank

A certificate of an L/C Bank as to the amount paid out or at any time due in respect of a Documentary Credit shall, absent manifest error, be prima facie evidence of the payment of such amounts or (as the case may be) of the amounts outstanding in any legal action or proceedings arising in connection therewith.

28. AMENDMENTS AND WAIVERS

28.1 Required consents

- (a) Subject to Clause 28.2 (*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 28 (*Amendments and Waivers*).

28.2 Exceptions

- (a) An amendment, consent or waiver relating to the following matters (including any technical consequential amendments relating to such amendment, consent or waiver) may be made with the prior written consent of each Lender affected thereby and without the consent of any other Lender:
 - (i) the definition 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 Documentary Credit or payment of principal, interest, fees or commission payable under this Agreement or the Security Documents;
 - (iv) without prejudice to Clause 2.2 (*Increase*), 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 29 (*Changes to the Parties*);
 - (vi) any provision which expressly requires the consent of all of the Lenders or the affected Lenders;
 - (vii) Clause 2.6 (*Nature of a Finance Party’s rights and obligations*), Clause 29.3 (*Transfers by Lenders*) or this Clause 28 (*Amendments and Waivers*); or
 - (viii) the selection of an Interest Period exceeding six months.
- (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.
- (e) Notwithstanding any other provision of this Clause 28 (*Amendments and Waivers*), the Facility Agent may at any time without the consent or sanction of the Lenders, concur with UPC Broadband in making any modifications to any Finance Document, which in the opinion of the Facility Agent would be proper to make provided that the Facility Agent is of the opinion that such modification:
 - (i) would not be materially prejudicial to the position of any Lender and in the opinion of the Facility Agent such modification is of a formal, minor or technical nature or is to correct a manifest error;
 - (ii) relates to the increase in the principal amount of a Commitment of a Lender in relation to any Facility and such increased Commitment has been requested by UPC Broadband to fund any original issue discount required to be paid to that Lender in relation to that Facility under any Finance Document; or
 - (iii) is of a minor, operational or technical nature.

Any modification made in accordance with this paragraph (e) shall be made on such terms as the Facility Agent may determine, shall be binding upon the Lenders, and shall be notified by UPC Broadband to the Lenders as soon as practicable thereafter.

- (f) A waiver of issuance or the release of any Guarantor from any of its obligations under Clause 17 (*Guarantee*) or a release of any Security under the Security Documents, in each case, other than in accordance with the terms of any Finance Document shall require the prior written consent of affected Lenders whose Available Commitments plus Outstandings amount in aggregate to more than 90 per cent. of the Available Facilities plus aggregate Outstandings.

28.3 Class Exception

Any amendment or waiver which:

- (a) relates only to the rights or obligations applicable to a particular Utilisation or Facility; and
- (a) does not materially and adversely affect the rights or interests of Lenders in respect of any other Utilisation or Facility,

may be made in accordance with this Clause 28 (*Amendments and Waivers*) but as if references in this Clause 28 (*Amendments and Waivers*) to the specified proportion of Lenders (including, for the avoidance of doubt, each affected Lender) whose consent would, but for this Clause 28.3 (*Class Exception*), be required for that amendment or waiver were to that proportion of the Lenders participating in that particular Utilisation or Facility.

28.4 Release of Guarantees and Security

- (a) Subject to paragraph (b) below, at the time of completion of any disposal by UPC Broadband Holdco, any Permitted Affiliate Holdco, any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt, any Obligor or any other provider of Security of any shares, assets or revenues the Security Agent shall (and it is hereby authorised by the other relevant Finance Parties to) at the request of and cost of the relevant Obligor, execute such documents as may be required to:
 - (i) release those shares, assets or revenues from Security constituted by any relevant Security Document or certify that any floating charge constituted by any relevant Security Documents over such assets, revenues or rights has not crystallised; and
 - (ii) release any person which as a result of that disposal, ceases to be the UPC Broadband Holdco, any Permitted Affiliate Holdco, any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt or any Obligor, from any guarantee, indemnity or Security Document to which it is a party and its other obligations under any other Finance Document.

- (b) The Security Agent shall only be required under paragraph (a) above to grant the release of any Security or to deliver a certificate of non-crystallisation on account of a disposal as described in that paragraph if:
 - (i) the disposal is permitted under Clause 19.11 (*Disposals*) or the consent of the Majority Lenders has been obtained; and
 - (ii) to the extent that the disposal is to be in exchange for replacement assets the Security Agent has either received (or is satisfied, acting reasonably, that it will receive immediately following the disposal) one or more duly executed Security Documents granting Security over those replacement assets or is satisfied, acting reasonably, that the replacement assets will be subject to Security pursuant to any existing Security Documents.
- (c) If at any time the Obligors at the relevant time represent a percentage which is greater than that required to satisfy the 80% Security Test and UPC Broadband provides a certificate to the Facility Agent certifying that upon the release of one or more specified Obligors from its obligations under this Agreement the 80% Security Test would continue to be satisfied, the Security Agent shall (and it is hereby authorised by the other relevant Finance Parties to) at the request and cost of UPC Broadband, execute such documents as may be required to release such specified Obligors from any guarantees, indemnities and/or Security Documents to which it is a party and to release it from its other obligations under any Finance Document. Any Obligor, whose assets are to be released by this paragraph (c) or any other provision of this Agreement or the Finance Documents and who as a result will not have granted security over its assets in accordance with the 80% Security Test for the benefit of the Finance Parties, shall, for purposes of the determination of the 80% Security Test, not be treated as an Obligor for the calculation in the preceding sentence and on a going forward basis. The release provisions of this paragraph (c) shall not permit any release of any guarantees or Security in favour of the Finance Parties, in each case, granted by UPC Broadband Holdco, UPC Broadband and any Borrower (other than UPC Broadband) for as long as such entity is a Borrower.
- (d) The Security Agent shall (and it is hereby authorised by the other Finance Parties to) at the cost of the relevant Obligor, execute such documents as may be required or desirable to effect any release (i) permitted under the Intercreditor Agreement, (ii) to which a prior written consent of the relevant Lenders has been granted in accordance with 28.2(f)(*Exceptions*) and (iii) required to permit the granting of any Security Interest permitted under Clause 19.8 (*Negative pledge*).
- (e) Notwithstanding any other provision of this Agreement, UPC Broadband may require the Security Agent to, and the Security Agent shall (and it is hereby authorised by the other relevant Finance Parties to) at the cost of the relevant Obligor, execute such documents as may be required or desirable to effect the release of the Security granted over any asset of an Obligor pursuant to the Security Documents to which it is a party to enable the relevant Obligor to grant in connection with that asset any encumbrance permitted under Clause 19.8 (*Negative pledge*). If, immediately prior to such release the relevant Obligor was treated as an Obligor for the purpose of the 80% Security Test, the relevant Obligor shall continue to be treated as an Obligor for those purposes notwithstanding any such release.

28.5 Calculation of Consent

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:

- (a) 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
- (b) the Facility Agent, in determining whether sufficient Lenders have consented to that amendment or waiver, shall not take into account any Commitments or Advances under any relevant Facility in relation to which a cancellation or prepayment notice (as applicable) has been served in accordance with Clause 10.2 (*Voluntary Cancellation*) or Clause 10.3 (*Voluntary Prepayment*) provided that to the extent that any cancellation or prepayment is not made on the date specified in a relevant cancellation or prepayment notice then the requirement to take into account any such Commitments or Advances under any relevant Facility shall be reinstated with retroactive effect from the date of delivery of such cancellation or prepayment notice.

28.6 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 Facility 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 Facility Agent acting reasonably.
- (b) If a change in any currency of a country occurs, this Agreement will be amended to the extent the Facility 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.

28.7 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 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.

28.8 Disenfranchisement of Defaulting Lenders

- (a) For so long as a Defaulting Lender has any Available Commitments, in determining whether the requisite level of consent has been obtained for a consent, waiver, amendment or other vote under the relevant Finance Documents, that Defaulting Lender's Commitments will be reduced by the amount of its Available Commitments.
- (b) For the purposes of this Clause 28.8 (*Disenfranchisement of Defaulting Lenders*), the Facility Agent may assume that the following Lenders are Defaulting Lenders:
 - (i) any Lender which has notified the Facility Agent that it has become a Defaulting Lender; and
 - (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b), (c) or (d) of the definition of "Defaulting Lender" has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Facility Agent) or the Facility Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

28.9 Replacement of Lenders

- (a) If at any time:
 - (i) any Lender becomes a Non-Consenting Lender; or
 - (ii) any Lender becomes a Non-Funding Lender,

then UPC Broadband may, on not less than three Business Days prior notice to the Facility Agent and that Lender, (A) replace that Lender by requiring it to (and that Lender shall) transfer all of its rights and obligations under this Agreement to a Lender or other person selected by UPC Broadband for a purchase price equal to the outstanding principal amount of such Lender's share in the outstanding Advances and all accrued interest and fees and other amounts payable to it under this Agreement or (B) prepay that Lender all but not part of its share in its outstanding Advances and all accrued interest and fees and other amounts payable to it under this Agreement from cash flow, Subordinated Shareholder Loans or New Equity received by the Borrower Group. Any notice delivered under this paragraph (a) shall be accompanied by a Novation Certificate or Transfer Agreement complying with Clause 29.4 (*Transfers by Lenders*), which Novation Certificate or Transfer Agreement shall be immediately executed by the relevant Non-Consenting Lender or, as the case may be, Non-Funding

Lender and returned to UPC Broadband. If a Lender does not execute and/or return a Novation Certificate or Transfer Agreement as required by this paragraph (a) within two Business Days of delivery by UPC Broadband, the Facility Agent shall execute (and is hereby irrevocably authorised by the relevant Lender to do so) that Novation Certificate or Transfer Agreement on behalf of such Lender.

- (b) UPC Broadband shall have no right to replace the Facility Agent or the Security Agent and none of the foregoing nor shall any Lender have any obligation to UPC Broadband to find a replacement Lender or other such entity. UPC Broadband may only exercise its replacement or prepayment rights in respect of any relevant Lender within 90 days of becoming entitled to do so on each occasion such Lender is a Non-Consenting Lender or a Non-Funding Lender.
- (c) In no event shall the Lender being replaced be required to pay or surrender to such replacement Lender or other entity any of the fees received by such Lender being replaced pursuant to this Agreement.

29. CHANGES TO THE PARTIES

29.1 Successors and Assignees

This Agreement shall be binding upon and enure to the benefit of each party to this Agreement and its or any subsequent successors, permitted assignees and transferees.

29.2 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 19.12(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 29.8 (*Additional Obligors*) and has delivered or delivers the documents specified in Clause 29.8(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.

29.3 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 paragraph (a) above), provided that:
 - (i) UPC Broadband's consent must not be unreasonably withheld or delayed;
 - (ii) 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 continuing;
 - (iii) nothing in this Clause 29.3 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) Notwithstanding any other provision of this Agreement, no Lender shall be entitled to assign or transfer any of its rights, benefits or obligations under the Finance Documents in relation to any Revolving Facility without the prior written consent of UPC Broadband, provided that no such consent shall be required in the case of any assignment or transfer:
 - (i) by a Lender to another Lender under any Revolving Facility and/or to its Affiliate (or in the case of any Lender which constitutes a fund advised and/or managed by a common entity or an Affiliate thereof, to any other fund managed by such common entity or Affiliate);
 - (ii) to a person that is a lender under any revolving credit facility made available to any Affiliate of UPC Broadband; or
 - (iii) to any New Lender at any time after the occurrence of an Event of Default which is continuing.
- (d) A transfer of obligations will be effective only if the obligations are novated in accordance with Clause 29.4 (*Procedure for novations*).
- (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,
- (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 29.3; 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 13 (*Tax Gross-up and Indemnities*) or amounts becoming due under Clause 15 (*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.
- (k) Notwithstanding any other provision of this Agreement, the consent of each L/C Bank under a Revolving Facility shall be required (such consent not to be unreasonably withheld or delayed) for any assignment or transfer of any Lender's rights and/or obligations under that Revolving Facility provided that in relation to any assignment or transfer required by UPC Broadband under Clause 10.7 (*Right of prepayment and cancellation in relation to a single Lender*), an L/C Bank may not withhold such consent unless, acting reasonably, the reason for so doing relates to the creditworthiness of the proposed New Lender.

29.4 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 4 (*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 29.3 (*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 Intercreditor Agreement 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 Intercreditor Agreement as would have been acquired and assumed had the New Lender been an original party to the Intercreditor Agreement 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 12.3 (*Distribution*). Once such accrued interest has been made available to the Existing Lender in accordance with Clause 12.3 (*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 12.3 (*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.

29.5 Procedure for assignments

- (a) An assignment and assumption of rights and obligations will be effective only if the rights and obligations are assigned and assumed in accordance with this Clause 29.5 (*Procedure for assignments*).
- (b) Subject to Clause 29.3 (*Transfers by Lenders*), an Existing Lender may effect an assignment or transfer of an interest in any Facility by (A) executing and delivering to the Facility Agent a Transfer Agreement via an electronic settlement system acceptable to the Facility Agent or (B) if previously agreed with the Facility Agent, manually execute and deliver to the Facility Agent a Transfer Agreement, and the New Lender shall provide to the Facility Agent such information as may be required by the Facility Agent for the purposes of this Agreement (including any applicable tax forms) in which the New Lender shall designate one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Obligors and their Affiliates or their respective securities) will be made available and who may receive such information in accordance with the New Lender's compliance procedures and applicable laws, including U.S. federal and state securities laws.
- (c) By executing and delivering the Transfer Agreement, the Existing Lender and the New Lender thereunder shall be deemed to confirm to and agree with each other and the other parties hereto the representations set out in paragraph 1 of Annex 1 of the Transfer Agreement.
- (d) Upon its receipt of a duly completed Transfer Agreement executed by an Existing Lender and a New Lender, the transfer fee referred to in Clause 29.3(e) (*Transfers by Lenders*) and, if required, the written consent of UPC Broadband to such assignment and any applicable tax forms, the Facility Agent shall (i) accept such Transfer Agreement and (ii) record the information contained therein in the Register. No assignment intended to be effected pursuant to a Transfer Agreement shall be effective unless it has been recorded in the Register as provided in Clause 29.10 (*Register*).

29.6 Designated Entities

- (a) A Lender (the “**Related Lender**”) may designate an affiliate or substitute Facility Office (a “**Designated Entity**”) as its Facility Office for the purpose of participating in Utilisations to a Borrower in a particular jurisdiction.
- (b) An affiliate or Facility Office of a Lender may be designated for the purposes of paragraph (a) by acceding as a Designated Entity by signing an accession agreement substantially in the form of Schedule 9 (*Form of Designated Entity Accession Agreement*).
- (c) A Designated Entity does not have any Commitment and does not have any obligations under this Agreement prior to such Designated Entity participating in a Utilisation.
- (d) When a Designated Entity participates in a Utilisation:
 - (i) subject to paragraph (e) below, it shall be entitled to all the rights of a Lender and have the corresponding obligations of a Lender, in each case under the Finance Documents relating to its participation in any such Utilisations; and
 - (ii) the other parties to the Finance Documents shall treat the Designated Entity as a Lender for these purposes.

The Designated Entity is a party to this Agreement for these purposes.

- (e) For the purposes only of voting in connection with any Finance Document, the participation of a Designated Entity in any outstanding Utilisations shall be deemed to be a participation of the Related Lender.
- (f) Any notice or communication to be made to a Designated Entity shall be served directly on the Designated Entity at the address supplied to the Facility Agent by the Related Lender where the Related Lender or Designated Entity reasonably requests or, if no such request has been made, shall be delivered to the Related Lender in accordance with this Agreement.
- (g) A Designated Entity may assign or transfer any of its rights and obligations under this Agreement in respect of its participation in any Utilisation (and the Related Lender may assign or transfer any corresponding Commitment) in accordance with this Clause 29 (*Changes to the Parties*).

29.7 Permitted Affiliate Group Designation

- (a) UPC Broadband may provide the Facility Agent with notice that it wishes to include any Affiliate (the “**Permitted Affiliate Parent**”) of UPC Broadband and the Subsidiaries of any such Permitted Affiliate Parent as members of the Borrower Group for the purposes of this Agreement. Such Affiliate shall become a Permitted Affiliate Parent for the purposes of this Agreement upon confirmation from the Facility Agent to UPC Broadband that:
 - (i) such Affiliate and UPC Broadband have complied with the requirements of Clause 29.8 (*Additional Obligors*) and such Affiliate has acceded to this Agreement as a Borrower or as a Guarantor;
 - (ii) Security has been granted (in form and substance satisfactory, to the Facility Agent (acting reasonably)) in favour of the Security Agent over all of such Affiliate’s shares and all of the rights in relation to loans from any member of the Wider Group (other than such Affiliate and its Subsidiaries or any member of the Borrower Group) to such Affiliate and its Subsidiaries;
 - (iii) UPC Broadband has delivered a certificate to the Facility Agent signed by an authorised signatory of UPC Broadband which certifies that:
 - (A) the designation of such Affiliate as a Permitted Affiliate Parent under this Agreement will not:
 - (1) materially and adversely affect the Security and guarantees provided in relation to the liabilities under this Agreement; or
 - (2) result in the Lenders under this Agreement becoming structurally subordinated in right of payment to lenders to the Permitted Affiliate Parent and its Subsidiaries; and
 - (B) if the ratio of Total Net Debt to Annualised EBITDA of the Borrower Group is calculated for the most recent Ratio Period ending prior to the Permitted Affiliate Parent becoming a Party for which financial statements have been delivered pursuant to Clause 19.2 (*Financial information*) (the “**Relevant Ratio Period**”) but adding to the:
 - (1) amount of Senior Net Debt and Total Net Debt used in such calculations any net increase in the Senior Net Debt or Total Net Debt of the Borrower Group (as applicable) since the end of the Relevant Ratio Period or subtracting from the amount of Senior Net Debt or Total Net Debt (as applicable) used in such calculation any net deduction in the Senior Net Debt or Total Net Debt of the Borrower Group (as applicable) (in each case taking into account the amount of Senior Net Debt or Total Net Debt (as applicable) attributable to the Permitted Affiliate Parent becoming a Party); and
 - (2) Annualised EBITDA of the Borrower Group, the Annualised EBITDA of the Permitted Affiliate Parent and its Subsidiaries for the Relevant Ratio Period,the ratio of Senior Net Debt to Annualised EBITDA of the Borrower Group would be equal to or less than 4.50:1 and the ratio of Total Net Debt to Annualised EBITDA of the Borrower Group would be equal to or less than 5.50:1;
 - (iv) it has received, in form and substance satisfactory to it (acting reasonably):
 - (A) a combined Borrower Group business plan pro forma for the designation of such Affiliate as a Permitted Affiliate Parent which sets out the management plan for the period from the date of the proposed designation up to and including the earlier to occur of:

- (1) the then latest applicable Final Maturity Date; and
- (2) the date falling three years from the date of the relevant designation;
- (B) an updated group structure chart showing the Common Holding Company (as defined below) and all of its direct and indirect Subsidiaries pro forma for the designation of such Affiliate as a Permitted Affiliate Parent; and
- (C) financial statements for the last financial year of the Permitted Affiliate Parent and its Subsidiaries or any Holding Company of the Permitted Affiliate Parent and its Subsidiaries including consolidated balance sheets, consolidated income statements and statements of cash flow; and
- (v) UPC Broadband has given written notice to the Facility Agent identifying a person that is a Holding Company of UPC Broadband and each Permitted Affiliate Parent as the common Holding Company for the purposes of this Agreement (“**Common Holding Company**”) provided that the Common Holding Company and any of its Holding Companies has not issued or incurred, and shall not issue or incur, Holdco Debt.

29.8 Additional Obligors

- (a)
 - (i) Subject to paragraphs (b) and (c) below, a member of the Borrower Group (including without limitation, any Permitted Affiliate Parent), any UPC Broadband Holdco (other than UPC Holding), any Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue and has issued Holdco Debt may become an Additional Guarantor and any member of the Borrower Group (including, without limitation, any Permitted Affiliate Parent) 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 (including, without limitation, any Permitted Affiliate Parent) 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 paragraph (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 paragraph (v) below, the relevant member of the Borrower Group (including, without limitation, any Permitted Affiliate Parent) or other person referred to in paragraph (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 paragraph (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 17 (*Guarantee*) where such limitation is required by any applicable law.
- (b) Subject to paragraph (d) below, UPC Broadband shall procure that the 80% Security Test is satisfied at the end of each Accounting Period for which financial statements are delivered under Clause 19.2(a)(i) or (ii) (*Financial information*).

- (c) A member of the Borrower Group (including, without limitation, any Permitted Affiliate Parent) may only become an Additional Borrower under a Facility if such member of the Borrower Group executes an Obligor Accession Agreement and (other than in the case of UPC Financing) such Obligor Accession Agreement specifies the relevant Facility under which that member of the Borrower Group is to be a Borrower; and
 - (i) the prior consent of the Majority Lenders is obtained;
 - (ii) it would not be materially adverse to the interests of any Lender under that Facility as determined by each such Lender (acting reasonably);
 - (iii) such member of the Borrower Group is incorporated in the same jurisdiction as an existing Borrower under that Facility; or
 - (iv) the prior consent of each Lender that enters into the Additional Facility Accession Agreement for that Facility is obtained.
- (d) 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 19.2(a)(i) or (ii) (*Financial information*) which demonstrate that additional Subsidiaries of UPC Broadband or any Permitted Affiliate Parent are required to become Additional Guarantors under paragraph (a).
- (e) 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 18 (*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.
- (f) On or prior to the date falling 60 Business Days from any Permitted Affiliate Group Designation Date, UPC Broadband shall deliver to the Facility Agent a certificate signed by an authorised signatory of UPC Broadband confirming that the 80% Security Test (calculated on a combined basis across the Borrower Group (as existing immediately prior to the Permitted Affiliate Group Designation Date) and the Permitted Affiliate Parent and its Subsidiaries) is satisfied.

29.9 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.

29.10 Register

The Facility Agent shall maintain at its address referred to in Clause 36.2(b) (*Addresses for notices*) a copy of each Novation Certificate, Transfer Agreement or Increase Confirmation delivered to and accepted by it and a register (the “**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.

29.11 Copy of Novation Certificate, Transfer Agreement or Increase Confirmation to UPC Broadband

The Facility Agent shall, as soon as reasonably practicable after it has executed a Novation Certificate, Transfer Agreement or Increase Confirmation, send to UPC Broadband a copy of that Novation Certificate, Transfer Agreement or Increase Confirmation.

30. DISCLOSURE OF INFORMATION

- (a) Subject to paragraphs (b) to (d) below, each of the Facility Agent, the Security Agent, the Lenders, each L/C Bank and any Ancillary Facility Lender agrees to maintain the confidentiality of all information received from any member of the Borrower Group relating to any member of the Borrower Group or its business other than any such information that;
- (i) is or becomes public knowledge other than as a direct result of any breach of this Clause 30 (*Disclosure of Information*);
 - (ii) is available to the Facility Agent, the Security Agent, the Lenders, each L/C Bank or Ancillary Facility Lender on a non-confidential basis prior to receipt thereof from the relevant member of the Borrower Group; or
 - (iii) is lawfully obtained by any of the Facility Agent, the Security Agent, the Lenders, such L/C Bank or Ancillary Facility Lender after the date of receipt other than from a source which is connected with the Borrower Group and which, as far as the relevant recipient thereof is aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality.
- (b) The confidentiality obligations in paragraph (a) above shall only apply, in respect of each Finance Party, from the Signing Date until the earlier of the date that falls 12 months after (i) the date that the Commitments have been cancelled in full and (ii) the date that such Facility Agent, Security Agent, Lender, L/C Bank or Ancillary Facility Lender ceases to be a Party.
- (c) Notwithstanding paragraph (a) above, 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 paragraphs (i) and (ii) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking.
- (d) 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.

31. CONFIDENTIALITY OF FUNDING RATES AND REFERENCE BANK QUOTATIONS

31.1 Confidentiality and disclosure

- (a) The Facility Agent, each Borrower and each Obligor agree to keep each Funding Rate (and, in the case of the Facility Agent, each Base Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (c) and (d) below.
- (b) The Facility Agent may disclose:
 - (i) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to the relevant Borrower pursuant to Clause 11.6 (*Notification*); and
 - (ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Facility Agent and the relevant Lender or Reference Bank or Alternative Reference Bank, as the case may be.
- (c) The Facility Agent may disclose any Funding Rate or any Reference Bank Quotation, each Borrower and each Obligor may disclose any Funding Rate, to:
 - (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this paragraph (c) is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;
 - (ii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Borrower or Obligor, as the case may be, it is not practicable to do so in the circumstances; and
 - (iii) any person with the consent of the relevant Lender or Reference Bank or Alternative Reference Bank, as the case may be.
- (d) The Facility Agent's obligations in this Clause 31 relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 11.6 (*Notification*) provided that (other than pursuant to paragraph (b)(i) above) the Facility Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

31.2 Related obligations

- (a) The Facility Agent, each Borrower and each Obligor acknowledge that each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Facility Agent, each Borrower and each Obligor undertake not to use any Funding Rate or, in the case of the Facility Agent, any Reference Bank Quotation for any unlawful purpose.
- (b) The Facility Agent, each Borrower and each Obligor agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank or Alternative Reference Bank, as the case may be:
 - (i) of the circumstances of any disclosure made pursuant to Clause 31.1(c)(ii) (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
 - (ii) upon becoming aware that any information has been disclosed in breach of this Clause 31.

31.3 No Event of Default

No Event of Default will occur by reason only of a Borrower or an Obligor's failure to comply with this Clause 31.

32. SET-OFF

32.1 Contractual set off

- (a) 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.
- (b) Any credit balances taken into account by an Ancillary Facility Lender when operating a net limit in respect of any overdraft under an Ancillary Facility shall on enforcement of the Finance Documents be applied first in the reduction of the overdraft provided under that Ancillary Facility in accordance with its terms.

32.2 Set-off not mandatory

No Finance Party shall be obliged to exercise any right given to it by Clause 32.1 (*Contractual set off*).

32.3 Notice of set-off

Any Finance Party exercising its rights under Clause 32.1 (*Contractual set off*) shall notify the relevant Obligor promptly after set-off is applied.

33. PRO RATA SHARING

33.1 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 12 (*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 12 (*Payments*);
- (c) subject to Clause 33.3 (*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 12 (*Payments*) and shall pay the redistribution to the Finance Parties (other than the recovering Finance Party) in accordance with Clause 12.8 (*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.

33.2 Reversal of redistribution

If under Clause 33.1 (*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 33.1(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 33.2.

33.3 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 33.1(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.

33.4 Ancillary Facility Lenders

- (a) This Clause 33 (*Pro Rata Sharing*) shall not apply to any receipt or recovery by a Lender in its capacity as an Ancillary Facility Lender at any time prior to service of notice under Clause 21.19 (*Acceleration*).
- (b) Following service of notice under Clause 21.19 (*Acceleration*), this Clause 33 (*Pro Rata Sharing*) shall apply to all receipts or recoveries by Ancillary Facility Lenders except to the extent that the receipt or recovery represents a reduction from the Designated Gross Amount for an Ancillary Facility to its Designated Net Amount.

34. 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.

35. 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.

36. NOTICES

36.1 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 36.2 (*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.

36.2 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
6th 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
The Netherlands
- Contact: Treasury Department
- Facsimile: +31 207 78 8105; and
- E-mail: asprut@libertyglobal.com; izijlmans@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 36.

36.3 Use of Websites/E-mail

- (a) An Obligor may (and upon request by the Facility Agent, shall) satisfy its obligations under the Finance Documents to deliver any information in relation to those Lenders (the "**Website Lenders**") who have not objected to the delivery of information electronically by posting this information onto an electronic website designated by UPC Broadband and the Facility Agent (the "**Designated Website**") or by e-mailing such information to the Facility Agent, if:
- (i) the Facility Agent expressly agrees that it will accept communication and delivery of any documents required to be delivered pursuant to the Finance Documents by this method;
 - (ii) in the case of posting to the Designated Website, UPC Broadband and the Facility Agent are aware of the address of, and any relevant password specifications for, the Designated Website; and
 - (iii) the information is in a format previously agreed between UPC Broadband and the Facility Agent.
- (b) If any Lender (a "**Paper Form Lender**") objects to the delivery of information electronically then the Facility Agent shall notify UPC Broadband accordingly and UPC Broadband shall supply the information to the Facility Agent (in sufficient copies for each Paper Form Lender) in paper form.
- (c) The Facility Agent shall supply each Website Lender with the address of, and any relevant password specifications for, the Designated Website following designation of that website by UPC Broadband and the Facility Agent.

- (d) Any Website Lender may request, through the Facility Agent, one paper copy of any information required to be provided under the Finance Documents which is posted onto the Designated Website. UPC Broadband shall comply with any such request within 10 Business Days.
- (e) Subject to the other provisions of this Clause 36.3 (*Use of Websites/E-mail*), any Obligor may discharge its obligation to supply more than one copy of a document under this Agreement by posting one copy of such document to the Designated Website or e-mailing one copy of such document to the Facility Agent.
- (f) For the purposes of paragraph (a) above, the Facility Agent hereby expressly agrees that:
 - (i) it will accept delivery of documents required to be delivered under Clause 19.2 (*Financial information*) by the posting of such documents to the Designated Website or by email delivery to the Facility Agent; and
 - (ii) it has agreed to the format of the information required to be delivered under Clause 19.2 (*Financial information*).

36.4 Patriot Act

Each Lender subject to the USA Patriot Act (Title 111 of Pub. L. 107-56 (signed into law October 26, 2001)) (the “**Patriot Act**”) hereby notifies UPC Broadband and each other Obligor that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies UPC Broadband and the other Obligors and other information that will allow such Lender to identify UPC Broadband and the other Obligors in accordance with the Patriot Act.

37. 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.

37.2 Communication when Facility Agent is Impaired Agent

If the Facility Agent is an Impaired Agent the Finance Parties may, instead of communicating with each other through the Facility Agent, communicate with each other directly and (while the Facility Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Facility Agent shall be varied so that communications may be made and notices given to or by the Finance Parties to this Agreement directly. This provision shall not operate after a replacement Facility Agent has been appointed.

38. JURISDICTION

38.1 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.

38.2 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 Limited at Griffin House, 161 Hammersmith Road, London, W6 8BS 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 Utilisations 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 36.2 (*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.

38.3 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.

38.4 Non-exclusivity

Nothing in this Clause 38 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.

39. 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.

40. 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.

41. 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 GUARANTORS

Name	Address
UPC Financing Partnership	4643 South Ulster Street Suite 1300 Denver, Co 80237 United States
UPC Broadband Holding B.V. (previously called UPC Distribution Holding B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding II B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC France Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Western Europe Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Western Europe Holding 2 B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Poland Holding B.V. (previously called UPC Telecom B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Broadband 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

SCHEDULE 2
CONDITIONS PRECEDENT DOCUMENTS

Part 1: To be Delivered before the First Advance

2. 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.

3. 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 17 (*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.

4. 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.

5. Finance Documents

- (a) The Security Documents in Schedule 5 (*Security Documents*) duly executed by all parties thereto.
- (b) The Intercreditor Agreement 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 5 (*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 5 (*Security Documents*).

6. 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.

7. 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 24.1 (*Transaction Expenses*) have been paid.
- (d) A duly executed copy of the Existing Intercreditor Deed.
- (e) A copy of the business plan for the Borrower Group delivered on or about the Effective Date.
- (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 Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt), 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 (i) prior to the 2016 ICA Amendment Effective Date, a Security Provider's Deed of Accession or (ii) following the 2016 ICA Amendment Effective Date, an accession deed to the Intercreditor Agreement, in each case 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, any Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco) which is permitted to issue, and has issued, Holdco Debt) 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, a Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco) which is permitted to issue, and has issued, Holdco Debt) 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 19.15 (*Loans and guarantees*);
 - (c) (in the case of an Additional Guarantor that will become a UPC Broadband Holdco, a Permitted Affiliate Holdco or a Subsidiary of UPC Broadband Holdco or Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt 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 19.22(a) (*Shareholder Loans*); and
 - (d) (in the case of an Additional Obligor, other than any UPC Broadband Holdco, a Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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 19.22(a) (*Shareholder Loans*).
4. A pledge over such of the receivables referred to in paragraph 3(a) above (in the case of an Additional Obligor, other than any UPC Broadband Holdco, a Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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 19.23 (*Further security over receivables*) in substantially the same form as a receivables pledge already granted to the Security Agent (a) by a member of the Borrower Group incorporated in the same jurisdiction as the Additional Obligor or (b) in respect of receivables located in the same jurisdiction as the relevant receivables or (c) 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 Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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, any other UPC Broadband Holdco, any Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) 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, any Permitted Affiliate Holdco or any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt, 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 paragraph 3(d) above (and the Additional Obligor) of a Restricted Person’s Framework Agreement.
 - 14. After the Asset Security Release Date, an Additional Obligor will only be required to grant Security and/or provide information pursuant to paragraphs 2 to 4 above, if and to the extent required under paragraph (b) of the 80% Security Test.

SCHEDULE 3
FORM OF REQUEST AND CANCELLATION NOTICE

Part 1: Form of Request (Advances)

To: []

Attention: []

From: [Name of Borrower]

Date: []

REQUEST (ADVANCE)

UPC Broadband Holding B.V.—€1,072,000,000 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 [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]

WARNING: PLEASE SEEK DUTCH LEGAL ADVICE (I) UNTIL THE COMPETENT AUTHORITY PUBLISHES ITS INTERPRETATION OF THE TERM “PUBLIC” (AS REFERRED TO IN ARTICLE 4.1(1) OF THE CAPITAL REQUIREMENTS REGULATION (EU/575/2013)), IF THE SHARE OF A LENDER IN ANY UTILISATION REQUESTED BY A DUTCH BORROWER IS LESS THAN EUR100,000 (OR ITS EQUIVALENT IN ANOTHER CURRENCY) AND (II) AS SOON AS THE COMPETENT AUTHORITY PUBLISHES ITS INTERPRETATION OF THE TERM “PUBLIC”, IF THE LENDER IS CONSIDERED TO BE PART OF THE PUBLIC ON THE BASIS OF SUCH INTERPRETATION.

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 Credit Agreement dated 16th January, 2004 (as amended, the Credit Agreement)

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

Part 3: Form Of Request (Documentary Credits)

From: [Name of Borrower] (the “**Borrower**”)

To: [●] [●]
as Facility Agent; and as a L/C Bank

Date: [●]

REQUEST (DOCUMENTARY CREDIT)

UPC Broadband Holding B.V.—€1,072,000,000 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 Credit Agreement, that we wish [name of L/C Bank] to issue a Documentary Credit on the following terms:

- (a) Facility: [●]
- (b) Name of Beneficiary: [●]
- (c) Address of Beneficiary: [●]
- (d) Purpose of/Liabilities to be assured by the Documentary Credit: *[insert details]*
- (e) Euro Amount: €[●]
- (f) Currency: [●]
- (g) Expiry Date: [●] month[s]
- (h) Proposed date of issue of Documentary Credit: [●] (or if that day is not a Business Day, the next Business Day)

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 Documentary Credit will be applied *[specify purpose]* in accordance with Clause 3.1 (*Purpose*).

Upon issuance of the Documentary Credit requested hereunder, please send the Documentary Credit to the Beneficiary at the address shown above, with a copy to *[insert details of relevant contact at the Borrower]*.

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]

SCHEDULE 4
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 Credit Agreement dated 16th January, 2004 (as amended, the Credit Agreement)

We refer to Clause 29.4 (*Procedure for novations*) of the Credit Agreement. 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 29.4 (*Procedure for novations*) of the Credit Agreement.
2. We further refer to clause 22.3 (*Change of Senior Lender, Pari Passu Creditors, Second Lien Lender and Noteholders*) of the Intercreditor Agreement. In consideration of the New Lender being accepted as a Senior Lender for the purposes of the Intercreditor Agreement (and as defined therein), the New Lender confirms that, as from the [], it will be party to the Intercreditor Agreement as a Senior Lender, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a Senior Lender and agrees that it shall be bound by all the provisions of the Intercreditor Agreement, as if it had been an original party to the Intercreditor Agreement.
3. The Facility Office and address for notices of the New Lender for the purposes of Clause 36.2 (*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.

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:

WARNING: PLEASE SEEK DUTCH LEGAL ADVICE (I) UNTIL THE COMPETENT AUTHORITY PUBLISHES ITS INTERPRETATION OF THE TERM “PUBLIC” (AS REFERRED TO IN ARTICLE 4.1(1) OF THE CAPITAL REQUIREMENTS REGULATION (EU/575/2013)), IF ANY AMOUNT LENT TO A DUTCH BORROWER IS TO BE NOVATED WHICH IS LESS THAN EUR100,000 (OR ITS EQUIVALENT IN ANOTHER CURRENCY) AND (II) AS SOON AS THE COMPETENT AUTHORITY PUBLISHES ITS INTERPRETATION OF THE TERM “PUBLIC”, IF THE NEW LENDER IS CONSIDERED TO BE PART OF THE PUBLIC ON THE BASIS OF THAT INTERPRETATION.

Part 2: Transfer Agreement

TRANSFER AGREEMENT

1. Assignment and Assumption

This Assignment and Assumption (the “**Assignment and Assumption**”) is dated as of the Effective Date set forth below and is entered into by and between [the][each]¹ Assignor identified in item 1 below ([the][each, an] “**Assignor**”) and [the][each]² Assignee identified in item 2 below ([the][each, an] “**Assignee**”). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees]³ hereunder are several and not joint.]⁴ Capitalised terms used but not defined herein shall have the meanings given to them in the Senior Facilities Agreement identified below (as amended, the “**Senior Facilities Agreement**”), receipt of a copy of which is hereby acknowledged by [the][each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns absolutely to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Senior Facilities Agreement, as of the Effective Date inserted by the Facility Agent as contemplated below (i) all of [the Assignor’s][the respective Assignors’] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Senior Facilities Agreement and any other documents or instruments delivered (including the Security Documents) pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below (including without limitation any letters of credit or guarantees included in such facilities), and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any person, whether known or unknown, arising under or in connection with the Senior Facilities Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to paragraph (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to paragraphs (i) and (ii) above being referred to herein collectively as [the][an] “**Assigned Interest**”). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

1. Assignor[s]:

[Assignor [is] [is not] a Defaulting Lender]

2. Assignee[s]:

[for each Assignee, indicate [Affiliate][other]

3. Borrower(s):

4. Facility Agent:

[●], as the facility agent under the
Senior Facilities Agreement

¹ For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

² For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

³ Select as appropriate.

⁴ Include bracketed language if there are either multiple Assignors or multiple Assignees.

5. Senior Facilities Agreement:

[The *[amount]* Senior Facilities Agreement dated as of [●] among *[name of Borrower(s)]*, the Lenders parties thereto and *[name of Facility Agent]*, as Facility Agent]

6. Assigned Interest[s]:

<u>Assignor[s]⁵</u>	<u>Assignee[s]⁶</u>	<u>Facility Assigned⁷</u>	<u>Aggregate Amount of Commitment/Advances for all Lenders⁸</u>	<u>Amount of Commitment Advances Assigned</u>	<u>Percentage Assigned of Commitment/Advances⁹</u>	<u>CUSIP Number</u>
			\$	\$	%	
			\$	\$	%	
			\$	\$	%	

2. Accession to the Intercreditor Agreement

⁵ List each Assignor, as appropriate.

⁶ List each Assignee, as appropriate.

⁷ Fill in the appropriate terminology for the types of facilities under the Senior Facilities Agreement that are being assigned under this Assignment.

⁸ Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

⁹ Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

We further refer to clause 22.3 (*Change of Senior Lender, Pari Passu Creditors, Second Lien Lender and Noteholders*) of the Intercreditor Agreement. In consideration of the New Lender being accepted as a Senior Lender for the purposes of the Intercreditor Agreement (and as defined therein), the New Lender confirms that, as from the [], it will be party to the Intercreditor Agreement as a Senior Lender, and undertakes to perform all the obligations expressed in the Intercreditor Agreement to be assumed by a Senior Lender and agrees that it shall be bound by all the provisions of the Intercreditor Agreement, as if it had been an original party to the Intercreditor Agreement.

[7. Trade Date: _____] ¹⁰

Effective Date: _____, 20____ [TO BE INSERTED BY FACILITY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR[S]¹¹

[NAME OF ASSIGNOR]

By: _____

Title:

[NAME OF ASSIGNOR]

By: _____

Title:

ASSIGNEE[S]¹²
[NAME OF ASSIGNEE]

By: _____

¹⁰ To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

¹¹ Add additional signature blocks as needed.

¹² Add additional signature blocks as needed.

Title:

[NAME OF ASSIGNEE]

By: _____

Title:

ADMINISTRATIVE AND FACILITY OFFICE DETAILS

Facility Office Address:

Please provide administrative details of the Assignee, to the extent such details have not been provided to the Facility Agent by way of a prior administrative form.

Administrative Office Address:

Contact Name:

Account for Payments:

Fax:

Telephone:¹³

[Accepted:

[NAME OF FACILITY AGENT], as
Facility Agent

By: _____

Title:

[NAME OF SECURITY AGENT], as
Security Agent

By: _____

Title:

[Consented to:]¹⁴

[NAME OF RELEVANT PARTY]

¹³ To be replicated for each Assignee.

¹⁴ To be added only if the consent of the Parent and/or other parties (e.g. L/C Bank) is required by the terms of the Senior Facilities Agreement.

By: _____

Title:

WARNING: PLEASE SEEK DUTCH LEGAL ADVICE (I) UNTIL THE COMPETENT AUTHORITY PUBLISHES ITS INTERPRETATION OF THE TERM “PUBLIC” (AS REFERRED TO IN ARTICLE 4.1(1) OF THE CAPITAL REQUIREMENTS REGULATION (EU/575/2013)), IF ANY AMOUNT LENT TO A DUTCH BORROWER IS TO BE ASSIGNED WHICH IS LESS THAN EUR100,000 (OR ITS EQUIVALENT IN ANOTHER CURRENCY) AND (II) AS SOON AS THE COMPETENT AUTHORITY PUBLISHES ITS INTERPRETATION OF THE TERM “PUBLIC”, IF THE NEW LENDER IS CONSIDERED TO BE PART OF THE PUBLIC ON THE BASIS OF THAT INTERPRETATION.

ANNEX 1

[]¹⁵

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties

- (a) **Assignor[s].** [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Senior Facilities Agreement or any other Finance Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Finance Documents or any collateral thereunder, (iii) the financial condition of the Obligors, any of its Subsidiaries or Affiliates or any other person obligated in respect of any Finance Document, or (iv) the performance or observance by the Obligors, any of their Subsidiaries or Affiliates or any other person of any of their respective obligations under any Finance Document.
- (b) **Assignee[s].** [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Senior Facilities Agreement, (ii) it meets all the requirements to be an assignee under Clause 29.3 (*Transfers by Lenders*) of the Senior Facilities Agreement (subject to such consents, if any, as may be required under Clause 29.3 (*Transfers by Lenders*) of the Senior Facilities Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Senior Facilities Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Senior Facilities Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Clause 19.2 (*Financial Information*) thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Facility Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) [if it is a Treaty Lender] attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Senior Facilities Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance on the Facility Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Finance Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Finance Documents are required to be performed by it as a Lender.

2. Payments

From and after the Effective Date, the Facility Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.¹⁶ Notwithstanding the foregoing, the Facility Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to [the][the relevant] Assignee.

⁽¹⁵⁾ Describe Senior Facilities Agreement at option of Facility Agent.

3. General Provisions

This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, English Law.

-
- 16 The Facility Agent should consider whether this method conforms to its systems. In some circumstances, the following alternative language may be appropriate:

“From and after the Effective Date, the Facility Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor[s] and the Assignee[s] shall make all appropriate adjustments in payments by the Facility Agent for period prior to the Effective Date or with respect to the making of this assignment directly between themselves.”

Part 3: Obligor Accession Agreement

To: [] as Facility Agent and [] as Security Agent

From: [PROPOSED OBLIGOR]

Date: []

UPC Broadband Holding B.V.—€1,072,000,000 Credit Agreement dated 16th January, 2004 (as amended, the Credit Agreement)

We refer to Clause 29.8 (*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 29.8 (*Additional Obligors*);
- (b) [to become a party to the Intercreditor Agreement as a Security Grantor and to observe, perform and be bound by the terms and provisions of the Intercreditor Agreement in the capacity of a Security Grantor in accordance with Clause 22.15 (*New Debtor or Security Grantor*) of the Intercreditor Agreement (or any equivalent terms of the Intercreditor Agreement from time to time)]; and
- (c) [to become a party to the Intercreditor Agreement as a Debtor and to observe, perform and be bound by the terms and provisions of the Intercreditor Agreement in the capacity of a Debtor in accordance with Clause 22.15 (*New Debtor or Security Grantor*) of the Intercreditor Agreement (or any equivalent terms of the Intercreditor Agreement from time to time)].
- (d) [The relevant Additional Facility will be a [*insert currency*][] term facility with [] as Lenders].*

Our address for notices for the purposes of Clause 36.2 (*Addresses for notices*) is:

[]

This Deed is governed by English law.

Executed as a deed by) Director

[PROPOSED OBLIGOR])

acting by) Director/Secretary

and)

Part 4: 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 Credit Agreement dated 16th January 2004 (as amended, the Credit Agreement)

1. Terms defined in the Credit Agreement shall have the same meaning in this Deed.
2. We refer to Clause 2.3 (*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 2.3 (*Additional Facilities*); and
 - (b) to become a party to the Intercreditor Agreement as a Lender and to observe, perform and be bound by the terms and provisions of the Intercreditor Agreement in the capacity of Lender in accordance with clauses 22.3 (*Change of Senior Lender, Pari Passu Creditors, Second Lien Lender and Noteholders*) and 22.11 (*Creditor Accession Undertaking*) of the Intercreditor Agreement (or any equivalent terms of the Intercreditor Agreement from time to time)].
4. Our Additional Facility Commitment is EUR/US\$/Additional Currency/Optional Currency [].
5. [If the Additional Facility Commitment is denominated in US Dollars, an Optional Currency 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, Optional Currency 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 Additional Facility 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 23.1 (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 Accession Agreement is made as a [term loan / revolving loan].
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 29.3 (*Transfers by Lenders*) of the Credit Agreement, the Lenders and UPC Broadband agree that, for the purposes of Clause 29.3(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 36.2 (*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 5
SECURITY DOCUMENTS

[Note: List of Security Documents not updated as part of restatement]

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.
 - (a) Obligor Pledge of Shareholder Loans between UPC Broadband, UPC Scandinavia Holding B.V., UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.), UPC Nederland B.V. and UPC Financing Partnership and the Security Agent;
 - (b) Pledge of Subordinated Shareholder Loans between UPC Holding and the Security Agent;
 - (c) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent;
 - (d) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent;
 - (e) Obligor Pledge of Shareholder Loans between UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) and the Security Agent;
 - (f) Obligor Pledge of Shareholder Loans between Scandinavia Holding B.V. and the Security Agent;
 - (g) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent; 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 6
FORM OF L/C BANK ACCESSION CERTIFICATE

To: [●]

cc: [●]

From: [*L/C Bank*]

Date:

Dear Sirs

**UPC Broadband Holding B.V.—€1,072,000,000 Credit Agreement dated 16th January, 2004 (as amended,
the Credit Agreement)**

This L/C Bank Accession Certificate is delivered pursuant to Clause 6.11 (*Appointment and Change of L/C Bank*) of the Credit Agreement.

[*Name of L/C Bank*] undertakes, upon its becoming an L/C Bank, to perform all the obligations expressed to be undertaken under the Credit Agreement and the Finance Documents by an L/C Bank and agrees that it shall be bound by the Credit Agreement and the other Finance Documents in all respects as if it had been an original party to it as an L/C Bank.

[*Name of L/C Bank*]'s administrative details are as follows:

Address:

Fax No:

Contact:

[and the address of the office having the beneficial ownership of our participation in the Credit Agreement (if different from the above) is:

Address:

Fax No:

Contact:]

This L/C Bank Accession Certificate, including all non-contractual obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, English Law.

Terms defined in the Credit Agreement shall have the same meanings in this L/C Bank Accession Certificate.

For and on behalf of
[**Name of L/C Bank**]

SCHEDULE 7
FORM OF DOCUMENTARY CREDIT

[L/C Bank's Letterhead]

To: [Beneficiary]
(the “**Beneficiary**”)

Non-transferable Irrevocable Documentary Credit No. [●]

At the request of [*insert name of Borrower*], [L/C Bank] (the “**L/C Bank**”) issues this irrevocable non-transferable documentary credit (“**Documentary Credit**”) in your favour on the following terms and conditions:

Definitions

In this Documentary Credit:

“**Business Day**” means a day (other than a Saturday or a Sunday) on which banks are open for general business in [London].¹⁷

“**Demand**” means a demand for payment under this Documentary Credit in the form of the schedule to this Documentary Credit.

“**Expiry Date**” means [●].

“**Total L/C Amount**” means [●].

1. L/C Bank's Agreement

- (a) The Beneficiary may request a drawing or drawings under this Documentary Credit by giving to the L/C Bank a duly completed Demand. A Demand must be received by the L/C Bank on or before [●] p.m. ([London] time) on the Expiry Date.
- (b) Subject to the terms of this Documentary Credit, the L/C Bank unconditionally and irrevocably undertakes to the Beneficiary that, within [10] Business Days of receipt by it of a Demand, it will pay to the Beneficiary the amount demanded in that Demand.
- (c) The L/C Bank will not be obliged to make a payment under this Documentary Credit if as a result the aggregate of all payments made by it under this Documentary Credit would exceed the Total L/C Amount.

2. Expiry

- (a) The L/C Bank will be released from its obligations under this Documentary Credit on the date (if any) notified by the Beneficiary to the L/C Bank as the date upon which the obligations of L/C Bank under this Documentary Credit are released.
- (b) Unless previously released under paragraph (a) above, at [●] p.m. ([London] time) on the Expiry Date the obligations of the L/C Bank under this Documentary Credit will cease with no further liability on the part of the L/C Bank except for any Demand validly presented under the Documentary Credit before that time that remains unpaid.
- (c) When the L/C Bank is no longer under any further obligations under this Documentary Credit, the Beneficiary must promptly return the original of this Documentary Credit to the L/C Bank.

3. Payments

All payments under this Documentary Credit shall be made in [●] and for value on the due date to the account of the Beneficiary specified in the Demand.

¹⁷ This may need to be amended depending on the currency of payment under the Documentary Credit.

4. **Delivery of Demand**

Each Demand shall be in writing, and, unless otherwise stated, may be made by letter, fax or telex and must be received in legible form by the L/C Bank at its address and by the particular department or officer (if any) as follows:

[●]

5. **Assignment**

The Beneficiary's rights under this Documentary Credit may not be assigned or transferred.

6. **UCP**

Except to the extent it is inconsistent with the express terms of this Documentary Credit, this Documentary Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500.

7. **Governing Law**

This Documentary Credit, including all non-contractual obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, English Law.

8. **Jurisdiction**

The courts of England have exclusive jurisdiction to settle any disputes, including those that are non-contractual, arising out of or in connection with this Documentary Credit.

Yours faithfully,

[L/C Bank]

By:

**SCHEDULE
FORM OF DEMAND**

To: [L/C Bank]

Dear Sirs,

Non-transferable Irrevocable Documentary Credit No. [●] issued in favour of [*name of beneficiary*] (the “**Documentary Credit**”)

We refer to the Documentary Credit. Terms defined in the Documentary Credit have the same meaning when used in this Demand.

We certify that the sum of [●] is due [and has remained unpaid for at least [●] Business Days] [under [set out underlying contract or agreement]]. We therefore demand payment of the sum of [●].

Payment should be made to the following account:

Name:

Account Number:

Bank:

The date of this Demand is not later than the Expiry Date.

Yours faithfully,

(Authorised Signatory) (Authorised Signatory)

For

[**Beneficiary**]

SCHEDULE 8
FORM OF INCREASE CONFIRMATION

To: [●] as Facility Agent, [●] as Security Agent [●] as L/C Bank and UPC Broadband, for and on behalf of each Obligor

From: [the *Increase Lender*] (the “**Increase Lender**”)

Dated:

UPC Broadband Holding B.V.—€ 1,072,000,000 Credit Agreement dated 16th January, 2004 (as amended, the Credit Agreement)

We refer to the Facilities Agreement and the Intercreditor Agreement (as each of those terms are defined in the Facilities Agreement). This agreement (the “**Agreement**”) shall take effect as an Increase Confirmation for the purpose of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.

We refer to Clause 2.2 (*Increase*) of the Facilities Agreement.

The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the “**Relevant Commitment**”) as if it was an Original Lender under the Facilities Agreement.

The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the “**Increase Date**”) is [●].

On the Increase Date, the Increase Lender becomes party to the relevant Finance Documents.

The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 36 (*Notices*) are set out in the Schedule.

The Increase Lender expressly acknowledges the limitations on the Lenders’ obligations referred to in Clause 2.2 (*Increase*).

The Increase Lender hereby agrees with each other person who is or becomes party to the Intercreditor Agreement in accordance with the terms thereof that with effect on and from the date hereof, it will be bound by the Intercreditor Agreement as a Senior Creditor as if it had been an original party thereto in such capacity.

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.

This Agreement, including all non-contractual obligations arising out of or in connection with it, shall be 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.

THE SCHEDULE

Relevant Commitment/rights and obligations to be assumed by the Increase Lender

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Increase Lender]

By:

This Agreement is accepted as an Increase Confirmation for the purposes of the Facilities Agreement by the Facility Agent [and each L/C Bank]*, and the Increase Date is confirmed as [●].

Facility Agent

[L/C Bank

By:

By:]*

Security Agent

By:

NOTE:

* Only if increase in the Total Commitments drawn under Revolving Facilities.

SCHEDULE 9
FORM OF DESIGNATED ENTITY ACCESSION AGREEMENT

To: [FACILITY AGENT] as Facility Agent

From: [DESIGNATED ENTITY] and [RELATED LENDER]

Date: []

**UPC Broadband Holding B.V.—€ 1,072,000,000 Credit Agreement dated 16th January, 2004 (as amended,
the Credit Agreement)**

1. Words and expressions defined in the Credit Agreement have the same meaning in this accession agreement.
2. We refer to the Clause 29.6 (*Designated Entities*) of the Credit Agreement. This is an accession agreement.
3. The Related Lender designates the Designated Entity as its Facility Office for the purpose of participating in Utilisations to Borrowers in [JURISDICTION].
4. [*Name of Designated Entity*] agrees to become a party to and to be bound by the terms of the Credit Agreement as a Designated Entity.
5. For the purposes of Clause 36 (*Notices*) of the Credit Agreement, the Designated Entity's address for notices is:
6. []
7. This Accession Agreement and any non-contractual obligations arising in connection with it are governed by English law.

[DESIGNATED ENTITY]

By:

[RELATED LENDER]

By:

[FACILITY AGENT]

By:

**SCHEDULE 10
TIMETABLE**

	Advance or Documentary Credit in Euro or Dollars	Advance or Documentary Credit in other currencies
Delivery of a duly completed Request under Clause 5.1 (<i>Delivery of Request</i>)	A-3 9 a.m.	A-3 9 a.m.
Agent determines (in relation to a Advance) the Euro Amount of the Advance, if required under Clause 5.4 (<i>Participations in Advances</i>) and notifies the Lenders of the Advance in accordance with Clause 5.4 (<i>Participations in Advances</i>)	A-3 noon	A-3 noon
Agent receives a notification from a Lender under Clause 8.2 (<i>Unavailability of Optional Currency</i>)	—	Quotation Date 9.30 a.m.
Agent gives notice in accordance with Clause 8.2 (<i>Unavailability of Optional Currency</i>)	—	Quotation Date 5.30 p.m.
LIBOR or EURIBOR is fixed	Quotation Date 11:00 a.m. in respect of LIBOR and 11.00 a.m. (Brussels time) in respect of EURIBOR	Quotation Date 11:00 a.m.
Reference Bank Rate calculated by reference to available quotations in accordance with Clause 14.2 (<i>Calculation of Reference Bank Rate and Alternative Reference Bank Rate</i>)	Noon on the Quotation Date	Noon on the Quotation Date
Alternative Reference Bank Rate calculated by reference to available quotations in accordance with Clause 14.2 (<i>Calculation of Reference Bank Rate and Alternative Reference Bank Rate</i>)	Close of business in London on the date falling one Business Day after the Quotation Date	Close of business in London on the date falling one Business Day after the Quotation Date
“A” = date of advance		
“A - X” = X Business Days prior to date of advance		

SIGNATURES

[Signature pages not restated]

ANNEX B FORM OF THE FINCO ACCESSION AGREEMENT
€600,000,000 ADDITIONAL FACILITY AQ 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 VII Limited (the *Additional Facility AQ Lender*)

Date: [] 2017

UPC Broadband Holding B.V. (formerly known as UPC Distribution Holding B.V.)—€1,072,000,000 Term Credit Agreement dated 16 January 2004 as amended from time to time (the “Credit Agreement”)

1. In this Additional Facility AQ Accession Agreement (this “**Agreement**”):

“**Facility AQ**” means the €600,000,000 term loan facility made available under this Agreement.

“**Facility AQ Advance**” means the euro denominated advance made to UPC Financing by the Additional Facility AQ Lender under Facility AQ.

“**Facility AQ Commitment**” means, in relation to the Additional Facility AQ Lender, the amount in euros set opposite its name under the heading “Facility AQ Commitment” in Schedule 1 (*Additional Facility AQ Lender and Commitments*) 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 AQ 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 1 August 2007 between, among others, Telenet NV as borrower and The Bank of Nova Scotia as facility agent; (ii) 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; (iii) the credit agreement dated 27 January 2014 between (among others) Ziggo B.V. as borrower and The Bank of Nova Scotia as facility agent; (iv) 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; (v) 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; (vi) the indenture dated 23 December 2015 in respect of the €420,000,000 4.625% senior secured notes due 2026 issued by Unitymedia Hessen GMBH & Co KG and Unitymedia NRW GmbH; (vii) Annex I (Additional Definitions) and Annex II (Covenants) of the credit agreement dated 16 May 2016 entered into between, among others, LGE Coral Holdco Limited as finco, Sable International Finance Limited and Coral-US Co-Borrower LLC as initial borrowers and The Bank of Nova Scotia as administrative agent and (to the extent not covered in the Annexes) the specific provisions relating to that credit agreement set out in Schedule 5 (*Additional Amendments, Waivers, Consents and Other Modification*) and Schedule 6 (*Fourth Amendments, Waivers, Consents and Other Modifications*) to this Agreement; (viii) the facilities agreement dated 6 October 2016 in respect of the advance of certain proceeds of the £350,000,000 5.5% receivables financing notes due 2024 issued by Virgin Media Receivables Financing Notes I Designated Activity Company; (ix) the indenture dated 23 September 2016 in respect of the \$2,000,000,000 5.5% senior secured notes due 2027 and the €775,000,000 4.25% senior secured notes due 2027 issued by Ziggo Secured Finance B.V., (x) the indenture dated 1 February 2017 in respect of the £675,000,000 5% senior secured notes due 2027 issued by Virgin Media Secured Finance PLC; (xi) the indenture described in the offering memorandum dated 7 June 2017 in respect of the €635,000,000 3⁷/₈% senior notes due 2029 to be issued by UPC Holding B.V. and (xii) the credit agreement between (among others) Unitymedia Hessen GmbH & Co. KG as borrower and The Bank of Nova Scotia as facility agent in the form attached at Schedule 3 (*Amended and Restated Facilities Agreement*) to the additional facility accession agreement dated 8 June 2017 entered into between Unity Media Finance LLC 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 €600,000,000 aggregate principal amount of 3⁵/₈% senior secured notes due 2029 and issued on or about the date of this Agreement by the Additional Facility AQ 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 2.3 (*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 AQ Lender that it has received the documents and evidence set out in Schedule 2 (*Conditions Precedent Documents*) to this Agreement, in each case in form and substance satisfactory to it (acting reasonably) 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 AQ Lender (the “**Effective Date**”).
5. The Additional Facility AQ 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 2.3 (*Additional Facilities*) of the Credit Agreement; and
 - (b) to become a party to the Intercreditor Agreement as Lender and to observe, perform and be bound by the terms and provisions of the Intercreditor Agreement in the capacity of Lender in accordance with Clause 9.3 (*Transfers by Lenders*) of the Intercreditor Agreement.
6. The Additional Facility Commitment in relation to the Additional Facility AQ Lender (for the purpose of the definition of Additional Facility Commitment in Clause 1.1 (*Definitions*) of the Credit Agreement) is its Facility AQ Commitment.
7. The Borrower in relation to Facility AQ is UPC Financing.
8.
 - (a) Provided that any upsizing of Facility AQ permitted under this Clause 8 will not breach any term of the Credit Agreement, Facility AQ may be upsized by any amount, by the signing of one or more further Additional Facility AQ Accession Agreements, that specify (along with the other terms specified therein) UPC Financing as the sole Borrower and which specify Facility AQ Commitments denominated in euro, to be drawn in euro, with the same Final Maturity Date and Margin as specified in this Agreement.
 - (b) For the purposes of this Clause 8 (unless otherwise specified), references to Facility AQ Advances shall include Advances made under any such further Additional Facility AQ Accession Agreement.
 - (c) Where any Facility AQ Advance has not already been consolidated with any other Facility AQ Advance, on the last day of any Interest Period for such Facility AQ Advance, that Facility AQ Advance will be consolidated with any other Facility AQ Advance which has an Interest Period ending on the same day as that Facility AQ Advance, and all such Facility AQ Advances will then be treated as one Advance.
9. Facility AQ may be drawn by one Advance on the date of this Agreement and such date will constitute the Availability Period for Facility AQ. No more than one Request may be made in respect of Facility AQ under the Credit Agreement and such Request may only be in a principal amount of the Additional Facility Commitment in relation to Facility AQ as set out in Clause 6 above.
10. The Facility AQ Advance will be used for general corporate purposes and working capital purposes, including the repayment or prepayment of existing indebtedness and the payment of any fees and expenses in connection with Facility AQ or other transactions related thereto.
11. The Final Maturity Date in respect of Facility AQ is 15 June 2029. Any outstanding Advance under Facility AQ shall be repaid in full on the Final Maturity Date.
12. The interest rate for Facility AQ will be a fixed rate of 3.625 per cent. per annum. This will be calculated in accordance with Clause 11.1 (*Interest rate*) of the Credit Agreement as being the sum of EURIBOR and the applicable Margin, where, in order to achieve the fixed rate referred to above, the applicable Margin will be, with respect to any Interest Period:
 - (a) 3.625 per cent. per annum, calculated on the basis of a 360-day year comprised of twelve 30-day months;
minus
 - (b) the sum of EURIBOR 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 AQ will never exceed 3.625 per cent. per annum (save to the extent that Clause 11.8 (*Default interest*) of the Credit Agreement may apply).

13. Pursuant to Clause 11.2 (*Selection of Interest Periods*) of the Credit Agreement, the Borrower hereby notifies the Facility Agent that while the Facility AQ 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 AQ pursuant to Clause 10.4(c)(ii) (*Change of Control*) of the Credit Agreement following the occurrence of a Change of Control (as defined under Clause 10.4 (*Change of Control*) of the Credit Agreement), UPC Broadband shall make a payment to the Facility Agent (for the account of the Additional Facility AQ Lender) in an amount equal to 1 per cent. of the principal amount of the outstanding Facility AQ Advance. Such payment shall be due and payable by UPC Broadband to the Facility Agent (for the account of the Additional Facility AQ Lender) on the actual date of such mandatory prepayment.
15. Subject to Clause 18 of this Agreement, at any time prior to 15 June 2022, upon the occurrence of any voluntary prepayment of the Facility AQ Advance by UPC Broadband pursuant to Clause 10.3 (*Voluntary prepayment*) of the Credit Agreement in an amount not to exceed 10% of the original principal amount of the Facility AQ 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 AQ Lender) in an amount (the “**Prepayment Premium**”) equal to 103% of the principal amount of the Facility AQ Advance being prepaid, plus accrued and unpaid interest then due on the amount of the Facility AQ 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 AQ Lender) on the actual date of such prepayment. Prior to 15 June 2022, to the extent that during any twelve-month period commencing on the date of this Agreement, the principal amount of the Facility AQ 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 AQ 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 AQ Advance as described in Clause 16 below.
16. (a) Subject to Clause 18 of this Agreement, at any time prior to 15 June 2022, upon the occurrence of a voluntary prepayment of all or any part of the outstanding Facility AQ Advance by UPC Broadband pursuant to Clause 10.3 (*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 AQ 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 AQ Lender) on the actual date of such prepayment.

For the purposes of this Clause 16:

“**Make-Whole Amount**” means, with respect to Facility AQ on any date on which all or any part of the outstanding Facility AQ Advance is to be prepaid pursuant to Clause 10.3 (*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 AQ Lender) if all or such portion of the outstanding Facility AQ Advance were prepaid pursuant to Clause 10.3 (*Voluntary prepayment*) of the Credit Agreement on 15 June 2022 (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 AQ Advance through 15 June 2022 (excluding accrued but unpaid interest to the prepayment date), computed using a discount rate equal to the Bund Rate (as defined below) as of such prepayment date plus 50 basis points; over
- (ii) the principal amount of the outstanding Facility AQ Advance being prepaid.

“**Bund Rate**” means, with respect to any relevant 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 relevant date, where:

- (1) “**Comparable German Bund Issue**” means the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such relevant date to 15 June 2022, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to 15 June 2022; *provided, however*, that, if the period from such relevant date to 15 June 2022, is not equal to the fixed maturity of the German *Bundesanleihe* security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German *Bundesanleihe* securities for which such yields are given, except that if the period from such relevant date to 15 June 2022, is less than one year, a fixed maturity of one year shall be used;
- (2) “**Comparable German Bund Price**” means, with respect to any 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 Additional Facility AQ Lender 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 Additional Facility AQ Lender in good faith; and
- (4) “**Reference German Bund Dealer Quotations**” means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Additional Facility AQ Lender 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 Additional Facility AQ Lender by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day in Frankfurt preceding the relevant Cancellation Notice.

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 AQ Lender) on the actual date of such prepayment.

- (b) Subject to Clause 18 of this Agreement, on or after 15 June 2022, upon the occurrence of a voluntary prepayment of all or any part of the outstanding Facility AQ Advance by UPC Broadband pursuant to Clause 10.3 (*Voluntary prepayment*) of the Credit Agreement, UPC Broadband shall pay to the Facility Agent (for the account of the Additional Facility AQ Lender) an amount (the “**Additional Amount**”) equal to the relevant percentage set out in the table below of the principal amount of the Facility AQ Advance being prepaid on the due date of such prepayment, if prepaid during the twelve month period beginning on 15 June of the years indicated below:

<u>Year</u>	<u>Relevant Percentage</u>
2022	101.813%
2023	100.906%
2024	100.453%
2025 and thereafter	100%

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 AQ Lender) on the actual date of such prepayment.

17. Subject to Clause 18 of this Agreement, at any time prior to 15 June 2022, upon the occurrence of any voluntary prepayment of the Facility AQ Advance by UPC Broadband pursuant to Clause 10.3 (*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 AQ Advance, UPC Broadband shall make a payment to the Facility Agent (for the account of the Additional Facility AQ Lender) in an amount (the **“Equity Claw Prepayment Premium”**) equal to 103.625% of the principal amount of the Facility AQ Advance being prepaid, plus accrued and unpaid interest then due on the amount of the Facility AQ 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 AQ 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:

- (a) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (b) 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
- (c) 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 (i) of the stated maturity of Facility AQ or (ii) on which there are no amounts outstanding under Facility AQ, 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 AQ Advance by UPC Broadband pursuant to Clause 10.3 (*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 AQ Lender acknowledges that the Borrower may discharge all or part of the Facility AQ Advance pursuant to Clause 10.3 (*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 AQ 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 AQ 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 AQ 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 or any other Finance Document on or after the date of this Agreement, the Additional Facility AQ Lender hereby consents to any and all of the following:
- (a) any and all of the items set out in Schedule 5 (*Additional Amendments, Waivers, Consents and Other Modifications*), Schedule 6 (*Fourth Amendments, Waivers, Consents and Other Modifications*), Schedule 7 (*Fifth Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 8 (*Sixth Amendments, Waivers, Consents and Other Modifications*) to 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 5 (*Additional Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 6 (*Fourth Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 7 (*Fifth Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 8 (*Sixth Amendments, Waivers, Consents and Other Modifications*) to this Agreement or to conform any Finance Document to Schedule 5 (*Additional Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 6 (*Fourth Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 7 (*Fifth Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 8 (*Sixth Amendments, Waivers, Consents and Other Modifications*) to 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 paragraphs (iii), (v) and (vii) of that definition, shall be limited to those that are mechanical in nature unless specifically referenced in Schedule 5 (*Additional Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 6 (*Fourth Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 7 (*Fifth Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 8 (*Sixth Amendments, Waivers, Consents and Other Modifications*) to this Agreement and provided further that any amendment, waiver, consent or modification to conform the Credit Agreement or any other Finance Document to any Liberty Global Reference Agreement referred to at paragraphs (vi) to (xi) of that definition shall be limited to any amendment, waiver, consent or modification which is specifically referenced in Schedule 5 (*Additional Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 6 (*Fourth Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 7 (*Fifth Amendments, Waivers, Consents and Other Modifications*) and/or Schedule 8 (*Sixth Amendments, Waivers, Consents and Other Modifications*) to this Agreement), and, in each case, any consequential amendments, waivers, consents or modifications),

and this Agreement shall constitute the Additional Facility AQ Lender's irrevocable and unconditional written consent in respect of such amendments, waivers, consents or other modifications to the Finance Documents for the purposes of Clause 28 (*Amendments and Waivers*) of the Credit Agreement and any clause in any other Finance Document relating to amendments of that Finance Document without any further action required on the part of any Party or any party to the Intercreditor Agreement.

21. The Additional Facility AQ Lender hereby acknowledges and agrees that the Facility Agent may, but shall not be required to, send to the Additional Facility AQ 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 AQ Lender, as a Lender under one or more Additional Facilities, to any such proposed amendments set out under Clause 20 above (and the Facility Agent and the Security Agent shall be authorised to enter into any necessary documentation in connection with the same), 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 28 (*Amendments and Waivers*) of the Credit Agreement and any clause relating to amendments in any other Finance Document.
22. The Additional Facility AQ Lender hereby waives receipt of any fee in connection with the foregoing consent, notwithstanding that other consenting Lenders under the Credit Agreement may be paid a fee in consideration of such Lenders' consent to any or all of the foregoing amendments, waivers, consents or other modifications.
23. In the event that the Additional Facility AQ 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 AQ Lender in accordance with a written direction to be provided by the Additional Facility AQ Lender or the Trustee (on behalf of the Additional Facility AQ Lender). The Additional Facility AQ 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.
24. The maintenance covenants at Clause 20.2 (*Financial Ratio*) of the Credit Agreement shall not be for the benefit of the Additional Facility AQ Lender and the Additional Facility AQ Lender acknowledges and agrees that it shall not form part of the "Composite Maintenance Covenant Instructing Group" in respect of its Facility AQ Commitment and Facility AQ shall not be a Maintenance Covenant Additional Facility.
25. On the utilisation in respect of Facility AQ, 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 18 (*Representations and Warranties*) of the Credit Agreement (with the exception of Clauses 18.5 (*Non-violation*), 18.6 (*Consents*), 18.7 (*No default*), 18.9 (*Financial condition*), 18.10 (*Environmental*), 18.11 (*Security Interests*), 18.12(b) (*Litigation and insolvency proceedings*), 18.13 (*Tax liabilities*), 18.14 (*Ownership of assets*), 18.16 (*ERISA*), 18.17 (*United States Regulations*), 18.18 (*Anti-Terrorism Laws*) and 18.20 (*UPC Financing*)) are true and correct in all material respects as if made at the Effective Date in respect of the Facility AQ 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. The Additional Facility AQ 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.
27. The Additional Facility AQ 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 AQ. The Additional Facility AQ Lender, the Borrower and the Facility Agent acknowledge and agree that (a) the Facility AQ Advance shall be made by the Additional Facility AQ Lender directly to the Borrower to an account notified by the Borrower to the Additional Facility AQ Lender, rather than through the Facility Agent, and (b) in respect of any other payments of principal, interest or other amounts due under Facility AQ, (i) the Borrower shall make payments payable by it to the Additional Facility AQ Lender directly to the Additional Facility AQ Lender (or to such account as the Additional Facility AQ Lender may specify), and (ii) the Additional Facility AQ 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 AQ Lender agrees that it shall promptly notify the Facility Agent if the Borrower fails to make any payment under sub-clause (b)(i) of this Clause 27 when due, and the Borrower agrees that it shall promptly notify the Facility Agent if the Additional Facility AQ Lender fails to make any payment under sub-clause (b)(ii) of this Clause 27 when due.
28. UPC Broadband agrees that it will not request or require the transfer of all of the rights and obligations of the Additional Facility AQ 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.

29. The Facility Office and address for notices of the Additional Facility AQ Lender for the purposes of Clause 36.2 (*Addresses for notices*) of the Credit Agreement will be that notified by the Additional Facility AQ Lender to the Facility Agent.
30. The Facility Agent may provide copies of the Indenture, or disclose its contents, to any Finance Party upon request by that Finance Party.
31. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
32. 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.
33. 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 AQ under Clause 29.3 (*Transfers by Lenders*) of the Credit Agreement, UPC Broadband hereby consents to any assignment, transfer or novation made by the Additional Facility AQ Lender (including any subsequent Lender under Facility AQ) 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 €[1,000,000]. The Additional Facility AQ 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 AQ LENDER AND COMMITMENT

<u>Additional Facility AQ Lender</u>	<u>Facility AQ Commitment</u>
UPCB Finance VII Limited	€600,000,000
Total	<u>€600,000,000</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 each 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 Intercreditor Agreement) resolving that it execute the confirmation described at paragraph 4 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 Intercreditor Agreement) authorising the issuance of a power of attorney to a specified person or persons to execute the confirmation described in paragraph 4 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 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

Confirmation (in writing) from (i) each of the Guarantors that its obligations under Clause 17 (*Guarantee*) of the Credit Agreement and (ii) each of the Charging Entities (as defined in the Intercreditor Agreement) 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 AQ and that such obligations shall be owed to each Finance Party including the Additional Facility AQ Lender.

SCHEDULE 3
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SCHEDULE 4
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SCHEDULE 5
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SCHEDULE 6
ADDITIONAL AMENDMENTS, WAIVERS, CONSENTS AND OTHER MODIFICATIONS

All references to Clauses, Paragraphs, Schedules and definitions contained in this Schedule 6 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. **Transfers:** amend Clause 29.3 (*Transfers by Lenders*) of the Credit Agreement to provide that the consent of UPC Broadband or a Borrower is not required for any assignment, transfer or novation by a Lender if an Event of Default is outstanding pursuant to any of Clauses 21.2 (*Non-payment*), 21.6 (*Insolvency*), 21.7 (*Insolvency proceedings*), 21.9 (*Creditors’ process*) or 21.10 (*Similar proceedings*) only (rather than if any Event of Default is outstanding).
2. **New RCF Maintenance Covenant:** amend the Credit Agreement to provide that: amendments and waivers of Clauses 20.2 (*Financial Ratio*) to 20.4 (*Cure provisions*) and Clause 21.18 (*Acceleration Following Financial Ratio Breach*) shall only be made with the consent of UPC Broadband and the Composite Revolving Facility Instructing Group and shall not require the consent of any other Finance Party.

SCHEDULE 7
FOURTH AMENDMENTS, WAIVERS, CONSENTS AND OTHER MODIFICATIONS

All references to Clauses, Paragraphs, Schedules and definitions contained in this Schedule 7 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. **Permitted Financing Action:** amend the Credit Agreement to:
 - (a) provide that any Financial Indebtedness incurred pursuant to a Permitted Financing Action is “Permitted Financial Indebtedness”; any distribution, dividend, transfer of assets, loan or other payment reasonably required to consummate any Permitted Financing Action is a “Permitted Payment”; and
 - (b) add a definition of “Permitted Financing Action” to the Credit Agreement as follows:

“**Permitted Financing Action**” means, to the extent that any incurrence of Financial Indebtedness is permitted under Clause 19.13 (*Restrictions on Financial Indebtedness*) of the Credit Agreement, any transaction to facilitate or otherwise in connection with a cashless rollover of one or more lenders’ or investors’ commitments or funded Financial Indebtedness in relation to the incurrence of that Financial Indebtedness.
2. **EBITDA:** amend the definition of EBITDA under the Credit Agreement to provide that the amount of fees and related expenses in relation to any Intra-Group Services paid in a relevant Ratio Period to any Restricted Person can be added (at UPC Broadband’s option) to the operating income of the Borrower Group for that Ratio Period.
3. **Intra-Group Services:** amend the definition of Intra-Group Services under the Credit Agreement to add the following language after the first proviso in parenthesis:
4. “(or, in the event that there are no comparable transactions to apply for comparative purposes, is otherwise on terms that, taken as a whole, UPC Broadband or any Permitted Affiliate Parent has conclusively determined in good faith to be fair to that member of the Borrower Group)”.
5. **Management Fees/Parent:**
 - (a) delete the definition of Management Fees under the Credit Agreement and replace it with a definition as follows:

“**Management Fees**” means any management, consultancy, stewardship or other similar fees payable by any member of the Borrower Group to any Restricted Person, including any fees, charges and related expenses incurred by any Parent on behalf of and/or charged to any member of the Borrower Group.
 - (b) add a definition of “Parent” to the Credit Agreement as follows:

“**Parent**” means (i) the Ultimate Parent, (ii) any Subsidiary of the Ultimate Parent of which UPC Broadband or any Permitted Affiliate Parent is a Subsidiary (including, for the avoidance of doubt, the Spin Parent and any Subsidiary of the Spin Parent following any Spin-Off) and (iv) any Joint Venture Parent, any Subsidiary of the Joint Venture Parent and any Parent Joint Venture Holders following any Parent Joint Venture Transaction.
6. **Post-Closing Reorganisation:** amend the Credit Agreement to provide that (a) any Financial Indebtedness with Affiliates reasonably required to effect or consummate any Post-Closing Reorganisation is “Permitted Financial Indebtedness”, (b) any distribution, dividend, transfer of assets, loan or other payment reasonably required to consummate any Post-Closing Reorganisation is a “Permitted Payment” and (c) the definition of Holding Company Expenses shall include any fees and expenses payable by any Parent in connection with a Post-Closing Reorganisation, provided that “Parent” shall have the meaning given to it in paragraph 5(b) above.
7. **Permitted Payments:** amend the definition of Permitted Payment to include the following limbs in addition to the existing “Permitted Payments”:
 - (a) payments under commercial contracts entered into in the ordinary course of business between a member of the Borrower Group and a Restricted Person provided that such contracts are on arm’s-length terms or on a basis that senior management of that member of the Borrower Group reasonably believes allocates costs fairly;

- (b) any distributions (including by way of dividend) to a Parent consisting of cash, any equity interests, property or other assets of any member of the Borrower Group that is, in each case held by that member of the Borrower Group for the sole purpose of transferring such cash, equity interest, property or other assets to another member of the Borrower Group; and
- (c) payments to finance investments or other acquisitions by any Parent or any Affiliate of a Parent (other than a member of the Borrower Group) which would otherwise be permitted to be made under Clause 19.12 (*Acquisitions and mergers*) or Clause 19.15 (*Loans and guarantees*) of the Credit Agreement if made by a member of the Borrower Group provided that: (i) such payments shall be made within 120 days of the closing of such investment or other acquisition, (ii) such Parent or Affiliate of a Parent shall prior to or promptly following the date of such payment, cause (A) all property acquired (whether assets or equity interests) to be contributed to a member of the Borrower Group or (B) the merger, amalgamation, consolidation or sale of the person formed or acquired into a member of the Borrower Group in a manner not prohibited by the Credit Agreement in order to consummate such investment or acquisition and (iii) such Parent or Affiliate of a Parent receives no consideration or other payment in connection with such transaction other than if such consideration or other payment from a member of the Borrower Group is otherwise a Permitted Payment.

8. Permitted Financial Indebtedness:

- (a) amend the definition of Permitted Financial Indebtedness under the Credit Agreement to include, in addition to the existing “Permitted Financial Indebtedness” limbs, Financial Indebtedness incurred under borrowing facilities provided by a special purpose vehicle note issuer to a member of the Borrower Group in connection with the issuance of notes intended to be supported primarily by the payment obligations of any member of the Borrower Group in connection with any vendor financing platform otherwise permitted under the Credit Agreement; and
- (b) amend sub-paragraph (b)(xxii) of Clause 19.13 (*Restrictions on Financial Indebtedness*) such that any Financial Indebtedness incurred thereunder shall not be subject to a proviso that it is subject to the terms of the Intercreditor Agreement.

9. Permitted Disposal: amend the definition of Permitted Disposal under the Credit Agreement to include in addition to the existing “Permitted Disposals” a disposal by any member of the Borrower Group of all or any of the Towers Assets and add a definition of “Towers Assets” to the Credit Agreement as follows:

“**Towers Assets**” means:

- (a) all present and future wireless and broadcast towers and tower sites that host or assist in the operation of plant and equipment used for transmitting telecommunications signals, being tower and tower sites that are owned by or vested in UPC Broadband or any other member of the Borrower Group and include, without limitation, any and all towers under constructions;
- (b) all rights, title, deposits (including, without limitation, deposits placed with landlords, electricity boards and transmission companies) and interest in, or over, the land property on which such towers and tower sites referred to in paragraph (a) above have been constructed or erected or installed;
- (c) all current assets relating to the towers or tower sites referred to in paragraph (a) above, whether movable, immovable or incorporeal;
- (d) all plant and equipment customarily treated by telecommunications operators as forming part of the towers or tower sites referred to in paragraph (a) above, including, in particular, but without limitation, the electricity power connections, utilities, diesel generator sets, batteries, power management systems, air conditioners, shelters and all associated civil and electrical works; and
- (e) all permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual property and powers of every kind, nature and description whatsoever, whether from government bodies or otherwise, pertaining to or relating to paragraphs (a) to (d) above.

10. Change in Accounting Principles: amend paragraph (c)(i) of Clause 19.4 (*Change in Accounting Practices*) of the Credit Agreement to provide that at the time of the notice from UPC Broadband to the Facility Agent that there have been one or more changes in any accounting policies, practices or procedures (including, without limitation, any change in the basis upon which costs are capitalised or any changes resulting from UPC Broadband’s decision at any time to adopt GAAP or IFRS), UPC Broadband shall provide either (i) a statement (providing reasonable detail) confirming the changes would have no material

effect on the operation of the ratios set out in Clause 20.2 (*Financial Ratio*) or (ii) a description of the changes and the adjustments that would be required to be made to that financial information in order to cause it to reflect the accounting policies, practices or procedures prior to such change and sufficient information, in such detail and format as may be reasonably required by the Facility Agent, to enable the Lenders to make a comparison between the financial positions indicated by that financial information and by the financial information required to be delivered under Clause 19.2 (*Financial information*) and to further provide that following the delivery of such notice, the Majority Lenders shall have the right to request, and following any such request UPC Broadband shall use commercially reasonable efforts to provide, the statement contemplated by sub-paragraph (i) above or the description contemplated by paragraph (ii) above, as applicable, relating to the financial information required to be delivered under Clause 19.2 (*Financial information*) for the most recently completed quarter.

11. **Relationship with Lenders:** Amend Clause 29.10 (*Register*) of the Credit Agreement to provide that the Register shall be maintained on behalf of all of the Parties to the Credit Agreement.
12. **Repeating Representations:** in Clause 18.23 (*Times for making representations and warranties*) of the Credit Agreement (i) exclude the representations and warranties at Clauses 18.12(a) (*Litigation and insolvency proceedings*), 18.15 (*Intellectual Property Rights*), 18.21 (*Investment Company Act*) and 18.22 (*Sanctions*) such that they are not 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; and (ii) delete the words “the first day of each Interest Period and”.
13. **Undertakings:** amend the Credit Agreement in order that the undertakings set out at Clause 19.24 (*Financial year end*) are deleted.
14. **Second lien ranking debt:** amend the Credit Agreement to provide that UPC Broadband may incur and secure Financial Indebtedness on a second lien ranking basis save that such Financial Indebtedness can be contractually subordinated to the rights of the Lenders, on terms comparable to, at the election of UPC Broadband, the intercreditor that relates to the Liberty Global Reference Agreement referenced under paragraph (iv) of that definition or the intercreditor agreement most recently entered into by an Affiliate of UPC Broadband prior to the incurrence of such Financial Indebtedness which provides for second lien financing (as amended from time to time) with such adjustments and amendments as agreed between UPC Broadband, the Security Agent and the Facility Agent (acting reasonably in each case).
15. **EBITDA:** amend the definition of EBITDA to provide that it means, in relation to any Ratio Period, operating income (expense) plus, at UPC Broadband’s option (except with respect to paragraphs (a) and (b) of that definition), the limbs listed as add backs or deductions to that definition.
16. **Senior Secured Notes:** amend the definition of Senior Secured Notes to delete paragraphs (a)(iii) and (a)(iv) and to add the following language at the end of paragraph (a)(i) “or where the incurrence of any Financial Indebtedness under such notes would otherwise be Permitted Financial Indebtedness (other than to the extent that such Financial Indebtedness is incurred by way of Senior Secured Notes pursuant to sub-paragraph (xxiii) of the definition of Permitted Financial Indebtedness)”.
17. **Permitted Security Interests:** amend the definition of Permitted Security Interest to add at the end of paragraph (t)(i): “or such Financial Indebtedness is otherwise Permitted Financial Indebtedness under paragraphs (ii) (as it relates to guarantees permitted under Clause 19.15(h) in respect of any Permitted Financial Indebtedness), (vii), (xi) (provided that at the time of the acquisition or other transaction pursuant to which such Financial Indebtedness was incurred and after giving effect to such incurrence on a pro forma basis (a) an Obligor could incur EUR 1 of debt under paragraph (xxii) of the definition of Permitted Financial Indebtedness or (b) the ratio of Senior Net Debt to Annualised EBITDA would not be greater than it was immediately prior to giving pro forma effect to such acquisition or other transaction and to the incurrence of such Financial Indebtedness), (xxii), (xxiii) and (xxiv) of the definition of Permitted Financial Indebtedness and guarantees thereof”.
18. **Permitted Second Lien Security Interests:** amend the limb of the definition of the Permitted Security Interest definition to provide that Financial Indebtedness may also be secured on a second lien ranking basis if it is Permitted Financial Indebtedness under paragraphs (ii) (as it relates to guarantees permitted under Clause 19.15(h) in respect of any Permitted Financial Indebtedness), (vii), (xi) (provided that at the time of the acquisition or other transaction pursuant to which such Financial Indebtedness was incurred and after giving effect to such incurrence on a pro forma basis (a) an Obligor could incur EUR 1 of debt under paragraph (xxii) of the definition of Permitted Financial Indebtedness or (b) the ratio of Senior Net Debt to Annualised EBITDA would not be greater than it was immediately prior to giving pro forma effect to such acquisition or other transaction and to the incurrence of such Financial Indebtedness), (xxii), (xxiii) and

(xxiv) of the definition of Permitted Financial Indebtedness and guarantees thereof or any Financial Indebtedness the proceeds of which are used to refinance any Financial Indebtedness secured on a second lien ranking basis by assets subject to the Security.

19. **Senior Unsecured Notes:** amend the definition of Senior Unsecured Notes to delete paragraphs (a)(iii) and (a)(iv).

SCHEDULE 8
FIFTH AMENDMENTS, WAIVERS, CONSENTS AND OTHER MODIFICATIONS

All references to Clauses, Paragraphs, Schedules and definitions contained in this Schedule 8 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. **Permitted Financial Indebtedness – Production Facilities:** amend the definition of Permitted Financial Indebtedness to include Financial Indebtedness arising under (a) arrangements to fund a production where such funding is only repayable from the distribution revenues of that production or (b) Production Facilities provided that the aggregate amount of Indebtedness under all Production Facilities incurred pursuant to this sub-paragraph (b) does not exceed the greater of (i) €250 million and (ii) 3.0% of Total Assets at any time outstanding.

“**Production Facilities**” means any bilateral facilities provided by a lender to any member of the Borrower Group to finance a production.

2. **Accession Documents:** amend Part 2 of Schedule 2 (*Conditions Precedent Documents*) and Clause 29.8(a)(v) (*Additional Obligors*) of the Credit Agreement in order that any member of the Borrower Group or any Permitted Affiliate Parent (as applicable) may accede to the Credit Agreement as an Additional Borrower or an Additional Guarantor under Clause 29.8 (*Additional Obligors*) without having to enter into Security Documents as required by the Facility Agent as a condition to such accession provided, for the avoidance of doubt, that such Security Documents will be entered into by the relevant acceding party within any original applicable grace period for such accession.

3. **Permitted Security Interests:**

- (a) amend the definition of “Permitted Security Interest” to include in addition to the existing “Permitted Security Interests”:

- (i) Security Interests (1) over the segregated trust accounts set up to fund productions, (2) required to be granted over productions to secure production grants granted by regional and/or national agencies promoting film production in the relevant regional and/or national jurisdiction and (3) over assets relating to specific productions funded by Production Facilities; and
- (ii) Security Interests arising solely by virtue of any statutory or common law provisions or customary business provisions relating to banker’s liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution.

- (b) delete paragraph (i) of the definition of “Permitted Security Interest” and replace it with the following:

“(i) over or affecting any asset of any company which becomes a member of the Borrower Group after the date of this Agreement, where such Security Interest is created prior to the date on which such company becomes a member of the Borrower Group (including Security Interests created, incurred or assumed in connection with or in contemplation of the relevant acquisition or transaction); provided, however that such Security Interests may not extend to any other property owned by any member of the Borrower Group (other than pursuant to after-acquired property clauses in effect with respect to such Security Interests at the time of acquisition on property of the type that would have been subject to such Security Interests notwithstanding the occurrence of the relevant acquisition or transaction);”

- (c) delete paragraph (m) of the definition of “Permitted Security Interests” and replace it with the following:

“(m) any Security Interest over or affecting any asset acquired by a member of the Borrower Group after the date of this Agreement (including Security Interests created, incurred or assumed in connection with or in contemplation of the relevant acquisition or transaction); *provided*, however that such Security Interests may not extend to any other property owned by any member of the Borrower Group (other than pursuant to after-acquired property clauses in effect with respect to such Security Interests at the time of acquisition on property of the type that would have been subject to such Security Interests notwithstanding the occurrence of the relevant acquisition or transaction);”

4. **Holding Company Expenses:** amend the definition of Holding Company Expenses under the Credit Agreement in order that this definition includes equivalent expenses incurred by a Subsidiary of a Parent to those expenses incurred by the Parent and set out at (a), (b) and (c) of that definition and to provide that general corporate overhead expenses including professional fees and expenses and other operational expenses related to the “stewardship” of any member of the Borrower Group including any “treasury transactions” are included within the definition of Holding Company Expenses.
5. **Permitted Credit Facility:** amend the definition of Permitted Credit Facility under the Credit Agreement such that it also includes notes, bonds and debentures.
6. **Negative Pledge:**
 - (a) delete clause 19.8(a) in its entirety and replace it as follows:

“(a) Each Obligor (other than UPC Broadband Holdco, any Permitted Affiliate Holdco and any Subsidiary of UPC Broadband Holdco or any Permitted Affiliate Holdco which is permitted to issue, and has issued, Holdco Debt) will not permit any Security Interest 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 Financial Indebtedness of any member of the Borrower Group or any other person, other than:

 - (i) Permitted Security Interests; or
 - (ii) any Security Interest over any present or future undertakings, assets, rights or revenues that is not subject to Security (such Security Interest, the “**Initial Security Interest**”) if, contemporaneously with the incurrence of such Initial Security Interest, effective provision is made to secure the Financial Indebtedness due under this Agreement equally and ratably with (or prior to, in the case of any Security Interest with respect to Financial Indebtedness that ranks junior to the Facilities) the Financial Indebtedness secured by such Initial Security Interest so long as such Financial Indebtedness is so secured.”
 - (b) include a new clause 19.8(d) as follows:

“(d) Any Security Interest created pursuant to the proviso described in Clause 19.8(a)(ii) securing of the Financial Indebtedness due under this Agreement will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Security Interest to which it relates (and, to the extent required, the Facility Agent and the Security Agent are hereby irrevocably authorised and instructed by the Lenders to enter into such documentation as is reasonably required to effect such release).
7. **Senior Debt and Total Debt:** amend the definitions of Senior Debt and Total Debt to exclude any Financial Indebtedness incurred under the Production Facilities to the extent that it is limited recourse to the assets funded by such facilities.
8. **Annualised EBITDA:** amend the definition of Annualised EBITDA in Clause 20.1 (*Financial definitions*) of the Credit Agreement to provide that, at the option of UPC Broadband, Annualised EBITDA may be determined for any person or the Borrower Group (as applicable) based on the internal financial statements of the Reporting Entity available immediately preceding the date of determination of Annualised EBITDA or the financial statements of the Reporting Entity most recently made available under Clause 19.2(a) of the Credit Agreement.
9. **Solvent Liquidation:** Amend Clause 28.4 (*Release of Guarantees and Security*) of the Credit Agreement to provide for equivalent releases as a result of, and in connection with, any solvent liquidation or dissolution that complies with Clause 19.30 (*Internal Reorganisations*).
10. **Financial Statements:**
 - (a) Amend the representation in sub-paragraph (b) of Clause 18.8 (*Accounts*) of the Credit Agreement to delete the parenthetical “(except that such consolidated financial statements do not include all consolidated Subsidiaries to the extent they are Unrestricted Subsidiaries)”;
 - (b) Delete the definition of “Borrower Group Reconciliation” and replace it with the following:

“**Borrower Group Reconciliation**” means an unaudited schedule to any financial statements of the Reporting Entity delivered in accordance with Clause 19.2 (*Financial Information*), demonstrating the necessary adjustments that would need to be made to the financial statements of the Reporting Entity to derive financial information applicable to the Borrower Group prepared in accordance with the Relevant Accounting Principles.”; and

- (c) Delete paragraph (a)(vi) and paragraph (b)(i) of Clause 19.2 (*Financial Information*) and include a new paragraph (d) as follows:

“To the extent that material differences exist between the business, assets, results of operations or financial condition of (i) the Reporting Entity and (ii) the Borrower Group (excluding, for the avoidance of doubt, the effect of any intercompany balances between the Reporting Entity and any member of the Borrower Group), the Company shall provide to the Facility Agent, together with the financial statements delivered under paragraph (a) above, in sufficient copies for all the Lenders, the Borrower Group Reconciliation for the relevant Accounting Period (provided however, that to the extent the Borrower Group Reconciliation for the relevant Accounting Period is filed on the SEC’s website or UPC Broadband’s website, such Borrower Group Reconciliation shall be deemed supplied to the Facility Agent in sufficient copies for all the Lenders)”.

11. Subordinated Obligations:

- (a) Amend paragraph (xxiv) of the definition of Permitted Financial Indebtedness such that it is a basket for the incurrence of Financial Indebtedness that constitutes Subordinated Obligations (as defined below) provided that (i) (other than in the case of a refinancing of other Subordinated Obligations in the same or a lesser principal amount) on the date of such incurrence and after giving effect thereto on a pro forma basis the Total Net Debt to Annualised EBITDA ratio would not be greater than 5.50:1 and (ii) such Financial Indebtedness is (x) unsecured or (y) secured on a junior ranking basis to the liabilities under the Facilities Agreement and, in each case which constitutes Second Lien Liabilities (under and as defined in the Intercreditor Agreement) or is contractually subordinated to the rights of the Lenders, on terms comparable to, at the election of UPC Broadband:
- (A) the intercreditor agreement most recently entered into by an Affiliate of UPC Broadband prior to the incurrence of such Indebtedness which provides for second lien financing (as amended from time to time) with such adjustments and amendments as agreed between UPC Broadband, the Security Agent and the Facility Agent (acting reasonably in each case);
- (B) an intercreditor agreement (providing for contractual subordination on terms comparable to the Loan Market Association’s form of intercreditor agreement at such time for mezzanine debt) with such adjustments and amendments as agreed between UPC Broadband, the Security Agent and the Facility Agent (acting reasonably in each case);
- (C) without prejudice to the rights of the Facility Agent to seek instructions from the Lenders, any other form of intercreditor agreement agreed between UPC Broadband, the Security Agent and the Facility Agent (acting reasonably in each case) that does not adversely affect the rights of the Lenders in any material respect in each case,

and, in each case, the Security Agent and the Facility Agent shall be authorized to enter into such intercreditor agreement without the consent of the Lenders.

- (b) Amend paragraph (bb) of the definition of Permitted Security Interest such that it is a basket for Security Interests to secure any Financial Indebtedness incurred under paragraph (xxiv) of the definition of Permitted Financial Indebtedness as referred to in paragraph (a) above and any guarantees thereof, provided that (i) such Security Interest ranks junior to the Security Interests securing the liabilities under the Credit Agreement and related guarantees, as applicable, and (ii) such Financial Indebtedness and any guarantees thereof constitute Second Lien Liabilities (under and as defined in the Intercreditor Agreement) or are contractually subordinated to the rights of the Lenders, on the terms of an intercreditor agreement as referred to in paragraph (a) above).
- (c) Amend the Credit Agreement to add a new definition of Subordinated Obligations as follows:
- “**Subordinated Obligation**” means any Financial Indebtedness that is expressly subordinate or junior in right of payment to the liabilities under this Agreement pursuant to a written agreement.
- (d) Amend the definition of Senior Debt to also exclude Subordinated Obligations (to the extent such Subordinated Obligations constitute Permitted Financial Indebtedness and other than for the purposes of the calculation of Total Debt).
- (e) Amend Clause 2.3(g)(i) (*Additional Facilities*) of the Credit Agreement to include an additional requirement that Total Net Debt to Annualised EBITDA is equal to or less than 5.50:1 and to amend the proviso to paragraph (g) to provide that amounts incurred pursuant to sub-paragraph (iii) of that clause substantially concurrently with amounts incurred pursuant to sub-paragraph (i) of that clause will not count as Financial Indebtedness for the purposes of calculating Senior Net Debt and Total Net Debt.

12. **Non-Consenting Lenders:** Remove the timing window of 90 days during which UPC Broadband may exercise its rights as set out in Clause 28.9(b) (*Replacement of Lenders*) such that UPC Broadband may exercise such rights at any time.
13. **Permitted Acquisitions**
 - (a) Amend limb (o) of the definition of “Permitted Acquisition” to include a 5% Total Assets grower and to be an annual basket;
 - (b) Amend the definition of Permitted Acquisition to include in addition to the existing “Permitted Acquisitions”:
 - (i) any purchase or acquisition of further share capital in any person in respect of which a member of the Bank Group owns less than a 50 per cent. interest in the share capital or equivalent of such person in the event that the deliverables set out in sub-paragraphs (A) and (B) of paragraph (b)(ii) of the definition of Permitted Joint Venture have previously been delivered to the Facility Agent in connection with the acquisition of any share capital in such person at any time; and
 - (ii) any acquisition of tax losses pursuant to the Permitted Payment baskets contemplated by sub-paragraph (xxvii) of the definition of Permitted Payment or by paragraph 14(a) below of this Schedule 8 (*Fifth amendments, waivers, consents and other modifications*).
14. **Permitted Payments:** amend the definition of Permitted Payment to include in addition to the existing “Permitted Payments”:
 - (a) “payments in relation to any tax losses received by any member of the Borrower Group from any member of the Wider Group that is not a member of the Borrower Group provided that such payments shall only be made in relation to such tax losses in an amount equal to, in any financial year, the greater of €200 million and 2% of Total Assets (with any unused amounts in any financial year being carried over to the next succeeding financial year); and
 - (b) any payment made in connection with any start-up financing or seed funding provided that any such payments shall not exceed an aggregate value equal to the greater of (i) €25,000,000 and (ii) 1.00% of Total Assets.
15. **Permitted Disposals:**
 - (a) amend limb (xii)(B) of the definition of Permitted Disposal to remove the requirement that the surrendering company receives fair market value for tax losses disposed to any member of the Wider Group;
 - (b) amend limb (xxi) of the definition of Permitted Disposal to remove the proviso that replacement assets be secured; and
 - (c) amend the definition of “Permitted Disposal” to include any disposal made in connection with any start-up financing or seed funding provided that any such disposals shall not exceed an aggregate value equal to the greater of (i) €25,000,000 and (ii) 1.00% of Total Assets.
16. **Permitted Loans:** amend clause 19.15 (*Loans and guarantees*) of the Credit Agreement to include loans made in connection with any start-up financing or seed funding provided that any such loans shall not exceed an aggregate value equal to the greater of (i) €25,000,000 and (ii) 1.00% of Total Assets.
17. **“EBITDA”:** Amend the definition of EBITDA to provide that it means, in relation to any Ratio Period, operating income (expense) plus, at UPC Broadband’s option (except with respect to paragraphs (a) and (b) of that definition), the limbs listed as add backs or deductions to that definition.
18. **“New Group”:** amend the Finance Documents to include an ability to redefine the Borrower Group to include a Holding Company of UPC Broadband and that Holding Company’s Subsidiaries (other than the excluded subsidiaries) instead of UPC Broadband and its Subsidiaries (other than the excluded subsidiaries), provided that the manner in which any such redefinition of the Bank Group is effected is not materially prejudicial to the interests of the Lenders in the opinion of the Facility Agent (acting reasonably).

SCHEDULE 9
SIXTH AMENDMENTS, WAIVERS, CONSENTS AND OTHER MODIFICATIONS

All references to Clauses, Paragraphs, Schedules and definitions contained in this Schedule 9 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. **Permitted Acquisition:** add a new limb to the definition of Permitted Acquisition to allow:

- (a) the acquisition of shares or other interests representing a nominal or non-substantial part of the share capital of a company or other entity which is not a member of the Borrower Group, provided that such company or other entity is a Subsidiary of UPC Broadband Holdco.
- (b) the acquisition of shares or other interests in any company or other entity pursuant to a merger, demerger, partial demerger, contribution, spin off, distribution or similar transaction, provided that such transaction is permitted under the Finance Documents.

Telenet Additional Facility AI Accession Agreement – Schedule 9 (*Sixth Amendments, Waivers, Consents and other Modifications*), Para 21.

2. **Permitted Disposal:** add a new limb to the definition of Permitted Disposal for:

- (a) the disposal of any entity, where the only material assets of such entity are assets that could themselves have been the subject of a Permitted Disposal; and
- (b) the disposal of any nominal or non-substantial shareholding as contemplated by the first Permitted Acquisition limb below.

Telenet Additional Facility AI Accession Agreement – Schedule 9 (*Sixth Amendments, Waivers, Consents and other Modifications*), Para 23.

(c) Delete the existing Clause 19.11(b)(xxiv) (*Disposals*) and replace it with the following:

“disposals of assets where the aggregate fair market value does not exceed the greater of €200,000,000 and 3% of Total Assets in any financial year ((with unused amounts in any calendar year being carried over to the next succeeding year subject to a maximum of the greater of €200,000,000 and 3% of Total Assets of carried over amounts for any calendar year));”.

Project Carrera Senior Notes – “Asset Disposition” definition, sub-section 8.

- (d) Amend the Permitted Disposal referred to at paragraph 15(c) of Schedule 8 (*Fifth Amendments, Waivers, Consents and Other Modifications*) to delete the reference to “€25,000,000” and to replace it with “€75,000,000”.

Project Carrera Senior Notes – Definition of “Permitted Investment”, sub-section 29.

3. **Permitted Financial Indebtedness:**

- (a) Amend the definition of “Permitted Financial Indebtedness” to include a new limb for borrowings, loans or deferred consideration made available by a vendor in connection with a Permitted Acquisition.

Telenet Additional Facility AI Accession Agreement – Schedule 9 (*Sixth Amendments, Waivers, Consents and other Modifications*), Para 24.

- (b) Amend Clause 19.13(b)(xxvii)(A) (*Restrictions on Financial Indebtedness*) to delete “€250,000,000” and to replace it with “€300,000,000”.

Project Carrera Senior Notes – Limitation on Indebtedness, sub-section 21.

4. **Springing financial covenant:**

- (a) Amend the covenant set out in Clause 20.2 (*Financial Ratio*) so that it reads as follows:

“(a) Subject to Clause 21.5 (*Cross default*), in the event that on the last day of a Ratio Period the aggregate of the Outstandings under any Revolving Facility (other than Documentary Credits that

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are cash collateralised or undrawn) and any net indebtedness under each Ancillary Facility exceeds an amount equal to 33 ⅓ per cent. of the aggregate of the Revolving Facility Commitments and each Ancillary Facility Commitment, UPC Broadband shall procure that the ratio of Senior Net Debt to Annualised EBITDA on that day shall not exceed 4.75:1 unless otherwise agreed in writing by the Composite Revolving Facility Instructing Group and UPC Broadband.

- (b) If the financial covenant set out in paragraph (a) has been breached for a Ratio Period (the “**First Measurement Period**”) but is complied with when tested for the next Ratio Period (the “**Second Measurement Period**”), then, the prior breach of such financial covenant or any Event of Default arising therefrom shall not (or shall be deemed to not) directly or indirectly constitute, or result in, a breach of any representation, warranty, undertaking or other term in the Finance Documents or a Default or an Event of Default unless the Facility Agent has taken any action under Clause 21.20 (*Maintenance Covenant Revolving Facility Acceleration*) before the delivery of the certificate referred to at Clause 19.2(a)(iii)(B) (*Financial information*) in respect of the Second Measurement Period (a “**Second Test Period Deemed Cured**”); provided that, if the financial covenant set out in paragraph (a) above is not required to be tested for the Second Measurement Period, it shall be so tested solely for the purpose of determining whether a Second Test Period Deemed Cure has occurred.”

Telenet Additional Facility AI Accession Agreement – Schedule 9 (Sixth Amendments, Waivers, Consents and other Modifications), Para 25. Cable and Wireless Credit Agreement and amended Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement.

5. **Obligors agent:** amend Clause 2.7 (*UPC Broadband as Obligors’ agent*) to add a new paragraph (c) as follows:

“If (notwithstanding the fact that the guarantees granted under this Agreement are and the Security is, intended to guarantee and secure, respectively, all obligations arising under the Finance Documents), any guarantee or Security does not automatically extend from time to time to any (however fundamental and of whatsoever nature and whether or not more onerous) amendment, variation, increase, extension or addition of or to any of the Finance Documents and/or any Facility or amount made available under any of the Finance Documents, each Obligor (other than UPC Broadband) expressly confirms that UPC Broadband as Obligors’ agent is authorised to confirm such guarantee and/or Security on behalf of such Obligor.”

Telenet Additional Facility AI Accession Agreement – Schedule 9 (Sixth Amendments, Waivers, Consents and other Modifications), Para 26 and amended Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement.

6. **Construction:**

- (a) Amend Clause 1.2(a)(xiv) (*Construction*) to add the following additional limbs as alternatives for a Borrower “repaying” or “prepaying” a Documentary Credit or a letter of credit, bank guarantee, indemnity, performance bond or other documentary credit under an Ancillary Facility (each, a “**Relevant Documentary Credit**”):
 - (i) in the case of a Documentary Credit, a Borrower has made a payment under paragraph (b) of Clause 6.6 (*Claims Under a Documentary Credit*) in respect of that Documentary Credit or a Borrower has made a reimbursement in respect of that Documentary Credit under Clause 6.7 (*Documentary Credit Indemnities*) (but in each case only to the extent of such payment or reimbursement);
 - (ii) the Relevant Documentary Credit (as the case may be) expires in accordance with its terms or is otherwise returned by the beneficiary with its written confirmation that it is released and cancelled;
 - (iii) a bank or financial institution having a long term credit rating from any of Moody’s, Standard & Poor’s or Fitch at least equal to Baa3/BBB- (as applicable or its equivalent or such other rating as the Agent and the applicable L/C Bank or Ancillary Facility Lender (as the case may be) may agree), or by any other institution satisfactory to the applicable L/C Bank or Ancillary Facility Lender (as the case may be) (acting reasonably), having issued an unconditional and irrevocable guarantee, indemnity, counter-indemnity or similar assurance against financial loss in respect of amounts due under that Relevant Documentary Credit.

- (b) Add a new limb to Clause 1.2(h) (*Construction*) as follows:

“The knowledge or awareness or belief of any member of the Borrower Group shall be limited to the actual knowledge, awareness or belief of the Board of Directors (or equivalent body) of such member of the Borrower Group at the relevant time.”

- (c) Add a new limb to Clause 1.2(i) (*Construction*) as follows:

“Notwithstanding anything to the contrary contained in this Agreement, any Lender may exchange, continue or rollover all or a portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrowers, the Facility Agent and such Lender, and any such exchange, continuation or rollover shall be deemed to comply with any requirement hereunder or under any other Finance Document that any payment be made “in US Dollars” (or any other relevant currency), “in immediately available funds”, “in cash” or any other similar requirements.”

Telenet Additional Facility AI Accession Agreement – Schedule 9 (Sixth Amendments, Waivers, Consents and other Modifications), Para 27 and Project Skywalker – Clause 1.2 (*Construction*) in the amended Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement.

7. **Amendments and waivers:** amend Clause 28.2 (*Exceptions*) to include the following as a new Clause:

“Notwithstanding anything to the contrary in the Finance Documents, a Finance Party may unilaterally waive, relinquish or otherwise irrevocably give up all or any of its rights under any Finance Document with the consent of the UPC Broadband.”

Telenet Additional Facility AI Accession Agreement – Schedule 9 (Sixth Amendments, Waivers, Consents and other Modifications), Para 28 and Project Skywalker – Clause 1.2 (*Construction*) in the amended Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement.

8. **Interest Period:** amend Clause 11.2(b) (*Selection of Interest Periods*) to provide that the applicable Interest Period for the first Advance under any Term Facility may be any other period of six months or less as agreed to by the Borrower and the Facility Agent.

Telenet Additional Facility AI Accession Agreement – Schedule 9 (Sixth Amendments, Waivers, Consents and other Modifications), Para 29.

9. **Business Division Transaction:** Supplement the definition of “Business Division Transaction” so that it also includes any partial demerger.

Telenet Additional Facility AI Accession Agreement – Schedule 9 (Sixth Amendments, Waivers, Consents and other Modifications), Para 31.

10. **Tower Assets**

- (a) Add a new definition to the Credit Agreement as follows:

“**Tower Company**” means “a company or other entity whose principal activity relates to Towers Assets and substantially all of whose assets are Towers Assets”.

- (b) Replace the definition of “Towers Assets” referred to in Paragraph 9 of Schedule 6 (*Fourth Amendments, Waivers, Consents and Other Modifications*) with the following:

“**Towers Assets**” means:

- (a) all present and future wireless and broadcast towers and tower sites that host or assist in the operation of plant and equipment used for transmitting telecommunications signals, being tower and tower sites that are owned by or vested in UPC Broadband or any other member of the Borrower Group (whether pursuant to title, rights *in rem*, leases, rights of use, site sharing rights, concession rights or otherwise) and include, without limitation, any and all towers and tower sites under construction;
- (b) all rights (including, without limitation, rights *in rem*, leases, rights of use, site sharing rights and concession rights), title, deposits (including, without limitation, deposits placed with landlords, electricity boards and transmission companies) and interest in, or over, the land or property on which such towers and tower sites referred to in paragraph (a) above have been or will be constructed or erected or installed;

- (c) all current assets relating to the towers or tower sites and their operation referred to in paragraph (a) above, whether movable, immovable or incorporeal;
- (d) all plant and equipment customarily treated by telecommunications operators as forming part of the towers or tower sites referred to in paragraph (a) above, including, in particular, but without limitation, the electricity power connections, utilities, diesel generator sets, batteries, power management systems, air conditioners, shelters and all associated civil and electrical works;
- (e) all permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual property and powers of every kind, nature and description whatsoever, whether from government bodies or otherwise, pertaining to or relating to paragraphs (a) to (d) above; and
- (f) shares or other interests in Tower Companies.

Telenet Additional Facility AI Accession Agreement – Schedule 9 (Sixth Amendments, Waivers, Consents and other Modifications), Para 32.

11. **Borrower Group Excluded Subsidiary:** Supplement the definition of “Borrower Group Excluded Subsidiary” so that it also includes any entity which is a Subsidiary of a Borrower Group Excluded Subsidiary.

Telenet Additional Facility AI Accession Agreement – Schedule 9 (Sixth Amendments, Waivers, Consents and other Modifications), Para 33.

12. **Permitted Payments:**

Amend Clause 19.14 (*Restricted Payments*) (i) to delete the reference to “€250,000,000” and replace it with “€300,000,000” and (ii) in order that the following words are added to Clause [19.14(c)(xxiv)]: “with any unused amounts in any financial year being carried over to the next succeeding financial year subject to a maximum of the greater of €300,000,000 and 5% of Total Assets of carried over amounts for any financial year and with any such carried over amounts being used first in the next succeeding financial year.”

Project Neon Tetra (Cable & Wireless) Credit Agreement and Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement – General RP basket.

- (a) Amend the Permitted Payment referred to at paragraph 14(b) of Schedule 7 (*Fifth Amendments, Waivers, Consents and Other Modifications*) to delete the reference to “€25,000,000” and to replace it with “€75,000,000”.

Project Carrera Senior Notes – Definition of “Permitted Investment”, sub-section 29.

13. **Spin-Off:** delete the existing definition of Spin-Off at Clause 10.4(b)(x) (*Change of Control*) and replace it with the following:

“**Spin Off**” means a transaction by which all outstanding ordinary and/or equity shares of UPC Broadband and any Permitted Affiliate Parent or a Holding Company of UPC Broadband or such Permitted Affiliate Parent directly or indirectly owned by the Ultimate Parent are distributed to (i) all of the Ultimate Parent’s shareholders, or (ii) all of the shareholders comprising one or more group of the Ultimate Parent’s shareholders as provided by the Ultimate Parent’s articles of association, in each case, either directly or indirectly through the distribution of shares in a company holding the UPC Broadband’s and any Permitted Affiliate Parent’s shares or such Holding Company shares.

Project Carrera Senior Notes – Definition of “Spin-Off”

14. **Borrower:** delete the existing definition of Borrower and replace it with the following:

“**Borrower**” means the Original Borrower and any Additional Borrower unless it has ceased to be a Borrower in accordance with Clause 29.2 (*Transfers by Obligors*) and, in respect of an Ancillary Facility only, any Affiliate of a Borrower that becomes a borrower of that Ancillary Facility with the approval of the relevant Ancillary Facility Lender pursuant to Clause 7.7 (*Affiliates of Borrowers*).

Project Skywalker – amended Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement.

15. **Transfers by Obligors:** include the following as a new carve out to Clause 29.2(a) (*Transfers by Obligors*):

“provided that a Borrower (a “**Novating Borrower**”) may assign or transfer any of its rights, benefits and obligations under this Agreement to another Borrower incorporated in the same jurisdiction as that Novating Borrower and which is a directly or indirectly wholly owned Subsidiary of (i) UPC Broadband or (ii) a Permitted Affiliate Parent (as applicable) if UPC Broadband delivers to the Facility Agent:

- (a) a solvency opinion, in form and substance reasonably satisfactory to the Facility Agent, from an independent financial advisor confirming the solvency of the Borrower Group, taken as a whole, after giving effect to any transactions related to such assignment or transfer; and
- (b) legal opinions, in form and substance reasonably satisfactory to the Facility Agent, confirming that, after giving effect to any transactions related to such assignment or transfer, the Security created by the Security Documents as amended, extended, renewed, restated, supplemented, modified or replaced represents valid and perfected Security not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Security were not otherwise subject to immediately prior to such assignment or transfer.”

Project Skywalker – Clause 28.1 amended Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement.

16. **Sub-participations:**

- (a) Include a new definition of Sub-participation as follows:

“**Sub-participation**” means any sub-participation or sub-contract (whether written or oral) or any other agreement or arrangement having an economically substantially similar effect, including any credit default or total return swap or derivative (whether disclosed undisclosed, risk or funded) by a Lender of or in relation to any of its rights or obligations under, or its legal, beneficial or economic interest in relation to, the Facilities and/or Finance Documents to a counterparty and “**sub-participate**” shall be construed accordingly.

- (b) Amend Clause 29.3 (*Transfers by Lenders*) in order that this clause includes a restriction on sub-participations of rights and obligations and is subject to the same consent regime as for assignments and transfers in accordance with recent Liberty precedent.
- (c) Add a new clause as follows:

“[29.4] Sub-participation

Notwithstanding anything to the contrary in Clause 29.4 (*Transfers by Lenders*) there shall be no restrictions on sub-participations provided that:

- (a) such Lender remains a Lender under this Agreement with all rights and obligations pertaining thereto and remains liable under the Finance Documents for any such obligation;
- (b) such Lender retains exclusive control over all rights and obligations in relation to the participations and Commitments that are the subject of the relevant agreement or arrangement, including all voting rights (for the avoidance of doubt, free of any agreement or understanding pursuant to which it is required to or will consult with any other person in relation to the exercise of any such rights and/or obligations), unless:
 - (i) the proposed sub-participant is a person to whom the relevant rights and obligations could have been assigned or transferred in accordance with the terms of this Clause 29 and,
 - (ii) prior to entering into the relevant agreement or arrangement, the relevant Lender provides UPC Broadband with full details of that proposed sub-participant and any voting, consultation or other rights to be granted to the sub-participant;
- (c) the relationship between the Lender and the proposed sub-participant is that of a contractual debtor and creditor (including in the bankruptcy or similar event of the Lender or an Obligor);
- (d) the proposed sub-participant will have no proprietary interest in the benefit of this Agreement or any of the Finance Documents or in any monies received by the relevant Lender under or in relation to this Agreement or any of the Finance Documents (in its capacity as sub-participant under that arrangement); and

- (e) the proposed sub-participant will under no circumstances: (i) be subrogated to, or be substituted in respect of, the relevant Lender's claims under this Agreement or any of the Finance Documents; or (ii) otherwise have any contractual relationship with, or rights against, the Obligors under or in relation to this Agreement or any of the Finance Documents (in its capacity as sub-participant under that arrangement)."
- (d) Include the additional provision as follows:

"Clause [29.5] Sub-participant Register

- "(a) In the case of a sub-participation (or any other agreement or arrangement having an economic effect substantially similar to a sub-participation) (in each case, other than any non-voting derivatives (which are not participations) which would otherwise be caught by the definition of "sub-participation"), the person granting the sub-participation (or similar right) shall, acting solely for these purposes as non-fiduciary agent for the Borrower, maintain a register (a **"Sub-Participant Register"**) on which it enters the name and address of each sub-participant (or person holding the similar right) and the Commitment and obligations (including principal and stated interest) in which each sub-participant (or other person) has an interest or obligation.
- (b) Notwithstanding anything to the contrary hereunder, including without limitation Clause 27 (*Evidence and Calculations*), the entries in the Sub- Participant Register shall be conclusive absent manifest error, and such person maintaining the Sub-Participant Register shall treat each person whose name is recorded in the Sub-Participant Register as the owner of such sub-participation (or similar right) for all purposes of a Finance Document notwithstanding any notice to the contrary.
- (c) Without prejudice to the other provisions of this Clause 29, no Lender shall have any obligation to disclose all or any portion of the Sub-Participant Register to any person (including the identity of any sub-participant or any information relating to a sub-participant's interest in any Loans, Commitments or other obligations under any Finance Documents) except to the extent that such disclosure to a tax authority is necessary to establish that such Loan, Commitment or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations or is otherwise required thereunder."
- (e) Delete Clause 29.3(b)(iii) (*Transfers by Lenders*).
- (f) Amend Clause 29.10 (*Register*) to (i) clarify that the Facility Agent shall maintain the register solely as the agent of the Borrower by adding the words ", acting solely for this purpose as the agent of the Borrower" before "shall maintain at its address" and (ii) add the following to such Clause:

"Without limitation of any other provision of this Clause 29, no transfer of an interest in a Loan or Commitment hereunder shall be effective unless and until recorded in the Register."

Project Skywalker – amended Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement.

17. Additional Facilities:

- (a) Delete Clause 2.3(c) (*Additional Facilities*) and replace it with the following:

"Each Lender under an Additional Facility shall become a party to this Agreement and be entitled to share in the Security in accordance with the terms of the Intercreditor Agreement and the Security Documents *pari passu* with the Lenders under the other Facilities provided that UPC Broadband and the relevant Lenders may agree that an Additional Facility shares in the Security on a junior basis to the other Facilities or shall not be entitled to share in the Security either in accordance with the terms of the Intercreditor Agreement or pursuant to ancillary intercreditor arrangements."
- Project Skywalker – Clause 2.2(d) amended Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement.
- (b) Amend the Additional Facilities Cap as defined in Clause 2.3(g) (*Additional Facilities*) such that:
 - (i) it includes an additional limb for the aggregate amount of any voluntary prepayments of Term Facility Advances that are secured on a *pari passu* basis with the other Facilities or Advances under Revolving Facilities (to the extent accompanied by a corresponding permanent cancellation of the relevant Revolving Facility Commitments) to the extent the relevant prepayment or

cancellation is not funded or effected with any long-term Financial Indebtedness (including Financial Indebtedness in the form of a bridge or other interim credit facility intended to be refinanced with long-term Financial Indebtedness); and

- (ii) UPC Broadband shall have the ability to classify such amounts of Financial Indebtedness on the date of their incurrence and shall only be required to include the amount and type of such Financial Indebtedness in one of such sub-paragraphs 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 the types of Financial Indebtedness described in such paragraphs, and, from time to time, may reclassify all or a portion of such Financial Indebtedness, in any manner.

Project Neon Tetra – amended credit agreement, Section 2.14 (*Additional Facilities*)

- 18. **Right of prepayment and cancellation in relation to a single Lender:** delete Clause 10.7(c) and replace it with the following:

“UPC Broadband may only exercise its rights under paragraphs (a)(i) and (a)(ii) above, if the circumstance giving rise to the requirement or indemnification continues.”

Project Skywalker – Clause 9.4(c) amended Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement.

- 19. **EBITDA:** amend sub-paragraph (j) of the definition of EBITDA by adding the words “principles or” before “policies”.

Project Carrera – definition of Consolidated EBITDA in the UPC senior notes.

- 20. **Credit Facility Excluded Amount:** amend the definition of Credit Facility Excluded Amount by deleting “€350,000,000” and replace it with “€400,000,000”.

Project Carrera – definition of Credit Facility Excluded Amount in the UPC senior notes.

- 21. **Permitted Loans:** Amend the Permitted Loan referred to at paragraph 16 of Schedule 8 (Fifth Amendments, Waivers, Consents and Other Modifications) to delete the reference to “€25,000,000” and to replace it with “€75,000,000”.

Project Carrera Senior Notes – Definition of “Permitted Investment”, sub-section 29.

- 22. **Permitted Security Interests:** amend limb (oo) of the definition of “Permitted Security Interest” to delete “€250,000,000” and to replace it with “€300,000,000”.

Project Carrera Senior Notes – Definition of “Permitted Lien”, sub-section 29.

- 23. **Margin Stock:** delete Clause 18.19 (*Margin Stock*) and add a new undertaking at Clause 19 (*Undertakings*) as set out below together with the following definition of “Margin Stock”:

[19.32 Margin Stock]

No Obligor is engaged nor will it engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System of the United States), or extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Advance will be used for any purpose that violates Regulation U.

“**Margin Stock**” means “margin stock” or “margin securities” as defined in the Margin Regulations.

Project Skywalker – Clause 25.17 (*United States regulations*) of amended Unity Media Credit Agreement as scheduled to Additional Facility B Accession Agreement.

- 24. **Additional Obligors** – Amend the Credit Agreement to provide that any Affiliate of UPC Broadband may accede to the Credit Agreement as a Guarantor in accordance with Clause 29.8 (*Additional Obligors*) (provided that Security has been granted (in form and substance satisfactory, to the Facility Agent (acting reasonably)) in favour of the Security Agent over 100% of such Affiliate’s shares and all of the rights in relation to loans from any member of the Wider Group (other than such Affiliate and its Subsidiaries or any member of the Borrower Group) to such Affiliate and its Subsidiaries) and that such Affiliate shall be a member of the Borrower Group.

Project Carrera Senior Notes – Affiliate Issuer and Affiliate Subsidiaries

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 AQ Lender

UPCB FINANCE VII LIMITED

By:

Name:

Title:

Signature page to Additional Facility AQ Accession Agreement

SIGNATORIES

UPC BROADBAND HOLDING B.V.

By:

Name:

Title:

UPC FINANCING PARTNERSHIP

By:

Name:

Title:

Signature page to Additional Facility AQ Accession Agreement

ANNEX C DEED OF COVENANT

Dated [], 2017

DEED OF COVENANT

relating to
€600,000,000 Senior Secured Notes due 2029
among

UPC BROADBAND HOLDING B.V.
as the Company,

UPCB FINANCE VII LIMITED
as Issuer

and

UPC FINANCING PARTNERSHIP

Ropes & Gray International LLP
60 Ludgate Hill
London EC4M 7AW

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This **DEED OF COVENANT** (this “**Agreement**”) is dated as of [], 2017 and is made between:

- (1) **UPCB FINANCE VII 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 €600,000,000 in aggregate principal amount of senior secured notes due 2029 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**” refers to the Senior Secured Credit Facility Agreement dated January 16, 2004 (as amended and restated by an amendment agreement dated June 24, 2004 and as amended by amendment letters dated July 22, 2004 and December 2, 2004, subsequently amended and restated on March 7, 2005 and amended by an amendment letter dated December 15, 2005, amended and restated on 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 and further amended and restated February 9, 2016) between, among others, UPC Broadband Holding, 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 the 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 the Finco Loan equal to the lesser of (I) the Available Disposal Proceeds and (II) the aggregate principal amount of the Notes tendered in the Asset Sale Offer to be made by the Issuer pursuant to the Indenture in respect of such Available Disposal Proceeds, which notice will further state that the Company and UPC Financing are required to make a prepayment of the Finco Loan pursuant to Clause 7.6 of the UPC Broadband Holding Bank Facility, will include the amount of Available Disposal Proceeds to be applied to prepay the Finco Loan and will be given not less than 25 Business Days prior to the date of such prepayment; and
 - (B) on or prior to the settlement date for the Asset Sale Offer made by the Issuer in respect of such Available Disposal Proceeds, the Company and UPC Financing will prepay (or procure the prepayment of) a principal amount of such Finco Loan equal to the lesser of (I) the Available Disposal Proceeds and (II) the aggregate principal amount of the Notes tendered in such Asset Sale Offer; or
 - (ii) on not less than 10 Business Days’ notice to the Issuer, prepay (or procure the prepayment of) the Finco Loan in an amount equal to the Available Disposal Proceeds plus a payment in an amount equal to the payment (set forth in Clause 15 or 16, as applicable, of the Finco Accession Agreement) that would be payable by the Company to the facility agent under the UPC Broadband Holding Bank Facility (for the account of the Issuer), if any, if such prepayment were made on such date pursuant to Clause 7.3 (Voluntary prepayment) of the UPC Broadband Holding Bank Facility.
- (b) Neither the Company nor UPC Financing will prepay, or procure that there is prepaid, any amount of the Finco Loan pursuant to Clause 7.6 of the UPC Broadband Holding Bank Facility except as set forth in clause (a) above.

2.2 Open Market Purchases of UPCB Loans

Neither the Company nor UPC Financing will, and the Company will procure that none of UPC Holding or any of its other subsidiaries will, make any offer to purchase or otherwise acquire any UPCB Loans (whether through a tender offer process or other process) if such offer is at a price below the relevant prevailing market price for such UPCB Loans and includes all or a portion of the Finco Loan held by the Issuer, unless (i) the Issuer makes a contemporaneous offer to purchase the 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 Loan 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 Agreement, 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 VII LIMITED)
acting by)
)
) Authorised signatory

Executed as a deed by

UPC BROADBAND HOLDING B.V.

acting by

and

)

)

)

)

) Authorised signatory

Authorised signatory

Executed as a deed by

UPC FINANCING PARTNERSHIP

acting by

and

)

)

)

) Authorised signatory

Authorised signatory

THE ISSUER

UPCB Finance VII Limited

PO Box 1093
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Cayman Islands

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