UPC HOLDING B.V.

Condensed Consolidated Financial Statements
March 31, 2012

UPC Holding B.V.
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The Netherlands

UPC HOLDING B.V.

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UPC HOLDING B.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2012	December 31, 2011
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 83.7	€ 126.5
Trade receivables, net	293.0	419.3
Deferred income taxes	60.3	76.6
Derivative instruments (note 4)	50.3	117.2
Prepaid expenses	45.6	31.7
Other current assets (note 11)	63.8	121.5
Total current assets	596.7	892.8
Investments (including €21.7 million and €21.3 million, respectively, measured at fair value) (note 3)	23.6	23.3
Property and equipment, net (note 6)	4,155.1	4,109.3
Goodwill (note 6)	5,617.0	5,509.3
Intangible assets subject to amortization, net (note 6)	390.6	406.0
Other assets, net (notes 4 and 10)	376.4	469.2
Total assets	€ 11,159.4	€ 11,409.9

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, 2012	December 31, 2011
	in millions	
LIABILITIES AND OWNERS' DEFICIT		
Current liabilities:		
Accounts payable (note 11)	€ 223.2	€ 275.7
Accrued liabilities (note 11)	580.6	538.2
Deferred revenue and advance payments from subscribers and others	382.9	429.0
Current portion of debt and capital lease obligations (note 7)	83.6	80.8
Derivative instruments (note 4)	367.5	395.7
Accrued interest	124.0	135.4
Total current liabilities	1,761.8	1,854.8
Long-term debt and capital lease obligations (note 7):		
Third-party	8,868.5	8,964.6
Related-party	8,635.1	8,693.8
Derivative instruments (note 4)	1,193.2	1,199.1
Other long-term liabilities (note 11)	442.1	226.8
Total liabilities	20,900.7	20,939.1
Commitments and contingencies (notes 4, 7 and 12)		
Owners' deficit (note 9):		
Parent's deficit:		
Distributions and accumulated losses in excess of contributions	(10,470.8)	(10,219.7)
Accumulated other comprehensive earnings, net of taxes	574.9	536.0
Total parent's deficit	(9,895.9)	(9,683.7)
Noncontrolling interests	154.6	154.5
Total owners' deficit	(9,741.3)	(9,529.2)
Total liabilities and owners' deficit	€ 11,159.4	€ 11,409.9

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,	
	2012	2011
	in millions	
Revenue (notes 11 and 13)	€ 1,044.5	€ 976.5
Operating costs and expenses:		
Operating (other than depreciation and amortization) (including stock-based compensation) (notes 10 and 11)	377.7	360.0
Selling, general and administrative (SG&A) (including stock-based compensation) (notes 10 and 11)	174.1	158.0
Related-party fees and allocations, net (note 11)	(0.4)	1.5
Depreciation and amortization	256.7	239.7
Impairment, restructuring and other operating charges (credits), net (notes 6 and 12)	(0.7)	2.3
	807.4	761.5
Operating income	237.1	215.0
Non-operating income (expense):		
Interest expense:		
Third-party	(146.3)	(118.6)
Related-party (note 11)	(215.1)	(167.4)
Interest income	1.3	0.9
Realized and unrealized gains (losses) on derivative instruments, net (note 4)	(308.9)	40.8
Foreign currency transaction gains, net	215.0	106.5
Losses on debt modifications and extinguishments (note 7)	(3.0)	(11.3)
Other income (expense), net	(0.2)	0.4
	(457.2)	(148.7)
Earnings (loss) before income taxes	(220.1)	66.3
Income tax expense (note 8)	(23.1)	(19.6)
Net earnings (loss)	(243.2)	46.7
Net earnings attributable to noncontrolling interests	(9.1)	(7.6)
Net earnings (loss) attributable to parent	€ (252.3)	€ 39.1

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,	
	2012	2011
	in millions	
Net earnings (loss)	€ (243.2)	€ 46.7
Other comprehensive earnings (loss), net of taxes:		
Foreign currency translation adjustments	42.1	(139.4)
Other	—	(0.3)
Other comprehensive earnings (loss)	42.1	(139.7)
Comprehensive loss	(201.1)	(93.0)
Comprehensive loss (earnings) attributable to noncontrolling interests	(12.3)	2.4
Comprehensive loss attributable to parent	€ (213.4)	€ (90.6)

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, 2012	€ (10,219.7)	€ 536.0	€ (9,683.7)	€ 154.5	€ (9,529.2)
Net loss	(252.3)	—	(252.3)	9.1	(243.2)
Other comprehensive loss, net of taxes	—	38.9	38.9	3.2	42.1
Stock-based compensation (note 10)	3.7	—	3.7	—	3.7
Distributions by subsidiaries to noncontrolling interest owners (note 9)	—	—	—	(12.2)	(12.2)
Capital charge in connection with the exercise of LGI stock incentive awards (notes 10 and 11)	(4.6)	—	(4.6)	—	(4.6)
Adjustments due to changes in subsidiaries' equity and other, net	2.1	—	2.1	—	2.1
Balance at March 31, 2012	€ (10,470.8)	€ 574.9	€ (9,895.9)	€ 154.6	€ (9,741.3)

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,	
	2012	2011
	in millions	
Cash flows from operating activities:		
Net earnings (loss)	€ (243.2)	€ 46.7
Adjustments to reconcile earnings (loss) to net cash provided by operating activities:		
Stock-based compensation expense	4.3	3.3
Related-party fees and allocations, net	(0.4)	1.5
Depreciation and amortization	256.7	239.7
Impairment, restructuring and other operating charges (credits), net	(0.7)	2.3
Non-cash interest on shareholder loan	215.1	167.4
Amortization of deferred financing costs and non-cash interest accretion	5.2	4.3
Realized and unrealized losses (gains) on derivative instruments, net	308.9	(40.8)
Foreign currency transaction gains, net	(215.0)	(106.5)
Losses on debt modifications and extinguishments	3.0	11.3
Deferred income tax expense	14.6	14.3
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions	(119.0)	(140.9)
Net cash provided by operating activities	229.5	202.6
Cash flows from investing activities:		
Capital expenditures	(202.2)	(206.7)
Cash paid in connection with acquisitions, net of cash acquired	(24.6)	(37.4)
Proceeds from sale of investments and other assets	1.5	14.8
Other investing activities, net	12.4	(6.1)
Net cash used by investing activities	€ (212.9)	€ (235.4)

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,	
	2012	2011
	in millions	
Cash flows from financing activities:		
Repayments and repurchases of third-party debt and capital lease obligations	€ (577.1)	€ (1,486.2)
Borrowings of third-party debt	565.7	1,838.1
Net repayments of related-party debt	(88.6)	(313.1)
Change in cash collateral	49.6	—
Payment of financing costs and debt premiums	(9.6)	(8.0)
Other financing activities, net	(3.3)	(3.7)
Net cash provided (used) by financing activities	(63.3)	27.1
Effect of exchange rate changes on cash	3.9	(8.4)
Net decrease in cash and cash equivalents	(42.8)	(14.1)
Cash and cash equivalents:		
Beginning of period	126.5	123.1
End of period	€ 83.7	€ 109.0
Cash paid for interest	€ 151.1	€ 140.4
Net cash paid for taxes	€ 1.0	€ 6.0

The accompanying notes are an integral part of these condensed consolidated financial statements.

(1) Basis of Presentation

UPC Holding B.V. (UPC Holding) is a wholly-owned subsidiary of Liberty Global Europe Holding BV (Liberty Global Europe). Liberty Global Europe is a wholly-owned subsidiary of Liberty Global, Inc. (LGI). 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.

UPC Holding is an international provider of video, broadband internet and telephony services, with consolidated broadband communications and/or direct-to-home satellite (DTH) operations at March 31, 2012 in nine European countries and Chile. Our European broadband communications and DTH operations are collectively referred to as "UPC Europe."

Our broadband communications operations in Chile are provided through our 80%-owned subsidiary, VTR Global Com SA (VTR). VTR Wireless SA (VTR Wireless), a subsidiary of LGI that is outside of UPC Holding, is constructing a mobile network in Chile that will be used in combination with other arrangements to provide mobile services. All references to VTR in these condensed consolidated financial statements exclude the operations and financial position of VTR Wireless.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our 2011 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 items, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets and stock-based compensation. Actual results could differ from those estimates.

Unless otherwise indicated, ownership percentages and convenience translations into euros are calculated as of March 31, 2012.

Certain prior period amounts have been reclassified to conform to the current year presentation.

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through May 24, 2012, the date of issuance.

(2) Acquisition

Aster. On September 16, 2011, a subsidiary of UPC Holding paid total cash consideration equal to PLN 2,445.7 million (€568.8 million at the transaction date) in connection with its acquisition of a 100% equity interest in Aster Sp. z.o.o. (Aster), a broadband communications provider in Poland (the Aster Acquisition). The total cash consideration, which UPC Holding initially funded with available cash and cash equivalents, included the equivalent of PLN 1,602.3 million (€372.2 million at the transaction date) that was used to repay Aster's debt immediately prior to our acquisition of Aster's equity and excludes direct acquisition costs of €4.7 million.

Pro Forma Information

The following unaudited pro forma condensed consolidated operating results for the three months ended March 31, 2011 give effect to the Aster Acquisition, as if it had been completed as of January 1, 2010. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if this transaction had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

	Three months ended March 31, 2011
	in millions
Revenue	€ 1,004.7
Net earnings attributable to parent	€ 40.1

(3) Investments

The details of our investments are set forth below:

Accounting Method	March 31, 2012	December 31, 2011
	in millions	
Fair value	€ 21.7	€ 21.3
Equity	1.5	1.6
Cost	0.4	0.4
Total	€ 23.6	€ 23.3

(4) Derivative Instruments

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 U.S. dollar ($), the Czech koruna (CZK), the Hungarian forint (HUF), the Polish zloty (PLN), the Romanian lei (RON), the Swiss franc (CHF) and the Chilean peso (CLP). As we generally do not apply hedge accounting to our derivative instruments, changes in the fair values of most of our derivative instruments are recorded in realized and unrealized gains (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, 2012			December 31, 2011		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b)	€ 49.0	€ 214.8	€ 263.8	€ 115.0	€ 312.2	€ 427.2
Foreign currency forward contracts	0.4	—	0.4	1.5	0.2	1.7
Embedded derivatives	0.9	0.7	1.6	0.7	0.3	1.0
Total	€ 50.3	€ 215.5	€ 265.8	€ 117.2	€ 312.7	€ 429.9
Liabilities:						
Cross-currency and interest rate derivative contracts (b)	€ 366.1	€ 1,182.5	€ 1,548.6	€ 394.9	€ 1,195.9	€ 1,590.8
Foreign currency forward contracts	1.0	10.1	11.1	0.1	2.1	2.2
Embedded derivatives	0.4	0.6	1.0	0.7	1.1	1.8
Total	€ 367.5	€ 1,193.2	€ 1,560.7	€ 395.7	€ 1,199.1	€ 1,594.8

(a) Our long-term derivative assets are included in other assets, net, in our condensed consolidated balance sheets.

(b) We consider credit risk in our fair value assessments. As of March 31, 2012 and December 31, 2011, (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 €17.1 million and €34.6 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €183.7 million and €188.5 million, respectively. The changes in the credit risk valuation adjustments associated with these derivative contracts resulted in a net loss of €12.5 million and €18.6 million during the three months ended March 31, 2012 and 2011, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our subsidiaries' debt instruments, as applicable. For further information concerning our fair value measurements, see note 5.

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

	Three months ended March 31,	
	2012	2011
	in millions	
Cross-currency and interest rate derivative contracts	€ (302.3)	€ 44.1
Foreign currency forward contracts	(8.5)	(3.7)
Embedded derivatives	1.9	0.4
Total	€ (308.9)	€ 40.8

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 cross-currency or interest rate derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these cash outflows are as follows:

	Three months ended March 31, 2012	Three months ended March 31, 2011
	in millions	
Operating activities	€ (179.0)	€ (181.3)
Financing activities	(2.8)	(1.3)
Total	€ (181.8)	€ (182.6)

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. We and our counterparties do not post collateral or other security, nor have we entered into master netting arrangements with any of our counterparties. At March 31, 2012, our exposure to credit risk included derivative assets with a fair value of €265.8 million.

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.

The risks we would face in the event of a default by a counterparty to one of our derivative instruments might be eliminated or substantially mitigated if we were able to novate the relevant derivative contracts to a new counterparty following the default of our counterparty. While we anticipate that, in the event of the insolvency of one of our derivative counterparties, we would seek to effect such novations, no assurance can be given that we would obtain the necessary consents to do so or that we would be able to do so on terms or pricing that would be acceptable to us or that any such novation would not result in substantial costs to us. Furthermore, the underlying risks that are the subject of the relevant derivative contracts would no longer be effectively hedged due to the insolvency of our counterparty, unless and until we novate or replace the derivative contract.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at March 31, 2012 are as follows:

Subsidiary / Final maturity date (a)	Notional amount due from counterparty		Notional amount due to counterparty		Interest rate due from counterparty	Interest rate due to counterparty
	in millions					
UPC Holding:						
April 2016 (b)	$	400.0	CHF	441.8	9.88%	9.87%
UPC Broadband Holding BV (UPC Broadband Holding), a subsidiary of UPC Holding:						
October 2017	$	500.0	€	364.9	6 mo. LIBOR + 3.50%	6 mo. EURIBOR + 3.41%
November 2019	$	500.0	€	362.9	7.25%	7.74%
January 2020	$	197.5	€	150.5	6 mo. LIBOR + 4.92%	6 mo. EURIBOR + 4.91%
December 2016	$	340.0	CHF	370.9	6 mo. LIBOR + 3.50%	6 mo. CHF LIBOR + 4.01%
December 2014	$	171.5	CHF	187.1	6 mo. LIBOR + 2.75%	6 mo. CHF LIBOR + 2.95%
December 2014	€	898.4	CHF	1,466.0	6 mo. EURIBOR + 1.68%	6 mo. CHF LIBOR + 1.94%
December 2014 - December 2016	€	360.4	CHF	589.0	6 mo. EURIBOR + 3.75%	6 mo. CHF LIBOR + 3.94%
January 2020	€	175.0	CHF	258.6	7.63%	6.76%
September 2012	€	83.1	CHF	129.0	6 mo. EURIBOR + 2.50%	6 mo. CHF LIBOR + 2.46%
January 2017	€	75.0	CHF	110.9	7.63%	6.98%
July 2015	€	123.8	CLP	86,500.0	2.50%	5.84%
December 2015	€	69.1	CLP	53,000.0	3.50%	5.75%
December 2014	€	365.8	CZK	10,521.8	5.48%	5.56%
December 2014 - December 2016	€	60.0	CZK	1,703.1	5.50%	6.99%
July 2017	€	39.6	CZK	1,000.0	3.00%	3.75%
December 2014	€	260.0	HUF	75,570.0	5.50%	9.40%
December 2014 - December 2016	€	260.0	HUF	75,570.0	5.50%	10.56%
December 2016	€	150.0	HUF	43,367.5	5.50%	9.20%
July 2018	€	78.0	HUF	19,500.0	5.50%	9.15%
December 2014	€	400.5	PLN	1,605.6	5.50%	7.50%
December 2014 - December 2016	€	245.0	PLN	1,000.6	5.50%	9.03%
September 2016	€	200.0	PLN	892.7	6.00%	8.19%
July 2017	€	82.0	PLN	318.0	3.00%	5.60%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of March 31, 2012, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to March 31, 2012, we present a range of dates that represents the period covered by the applicable derivative instrument.

(b) Unlike the other cross-currency swaps presented in this table, the UPC Holding cross-currency swap does not involve the exchange of notional amounts at the inception and maturity of the instrument. Accordingly, the only cash flows associated with this instrument are interest payments and receipts.

Cross-currency Interest Rate Swaps:

The terms of our outstanding cross-currency interest rate swap contracts at March 31, 2012 are as follows:

Subsidiary / Final maturity date (a)	Notional amount due from counterparty		Notional amount due to counterparty		Interest rate due from counterparty	Interest rate due to counterparty
	in millions					
UPC Broadband Holding:						
July 2018	$	425.0	€	320.9	6 mo. LIBOR + 1.75%	6.08%
September 2014 - January 2020	$	327.5	€	249.5	6 mo. LIBOR + 4.92%	7.52%
December 2014	$	300.0	€	226.5	6 mo. LIBOR + 1.75%	5.78%
December 2014 - July 2018	$	300.0	€	226.5	6 mo. LIBOR + 2.58%	6.80%
December 2016	$	244.1	€	179.3	6 mo. LIBOR + 3.50%	7.24%
March 2013	$	100.0	€	75.4	6 mo. LIBOR + 2.00%	5.73%
March 2013 - July 2018	$	100.0	€	75.4	6 mo. LIBOR + 3.00%	6.97%
November 2019	$	250.0	CHF	226.8	7.25%	6 mo. CHF LIBOR + 5.01%
January 2020	$	225.0	CHF	206.3	6 mo. LIBOR + 4.81%	5.44%
December 2014	$	340.0	CLP	181,322.0	6 mo. LIBOR + 1.75%	8.76%
December 2016	$	254.0	RON	616.8	6 mo. LIBOR + 3.50%	14.01%
December 2014	€	134.2	CLP	107,800.0	6 mo. EURIBOR + 2.00%	10.00%
VTR:						
September 2014	$	451.3	CLP	249,766.9	6 mo. LIBOR + 3.00%	11.16%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of March 31, 2012, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to March 31, 2012, we present a range of dates that represents the period covered by the applicable derivative instrument.

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at March 31, 2012 are as follows:

Subsidiary / Final maturity date (a)	Notional amount		Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
UPC Broadband Holding:				
January 2013	$	1,543.0	1 mo. LIBOR + 3.20%	6 mo. LIBOR + 3.00%
July 2020	$	1,000.0	6.63%	6 mo. LIBOR + 3.03%
January 2022	$	750.0	6.88%	6 mo. LIBOR + 4.89%
January 2013	€	2,720.0	1 mo. EURIBOR + 3.60%	6 mo. EURIBOR + 3.13%
December 2014	€	1,681.8	6 mo. EURIBOR	4.65%
July 2020	€	750.0	6.38%	6 mo. EURIBOR + 3.16%
April 2012	€	555.0	6 mo. EURIBOR	3.32%
January 2015 - December 2016	€	500.0	6 mo. EURIBOR	4.32%
April 2012 - July 2014	€	337.0	6 mo. EURIBOR	3.94%
April 2012 - December 2015	€	263.3	6 mo. EURIBOR	3.97%
January 2014	€	185.0	6 mo. EURIBOR	4.04%
January 2015 - January 2018	€	175.0	6 mo. EURIBOR	3.74%
July 2020	€	171.3	6 mo. EURIBOR	4.32%
January 2015 - July 2020	€	171.3	6 mo. EURIBOR	3.95%
December 2013	€	90.5	6 mo. EURIBOR	3.84%
March 2013	€	75.4	6 mo. EURIBOR	4.24%
December 2014	CHF	1,668.5	6 mo. CHF LIBOR	3.50%
September 2012	CHF	711.5	6 mo. CHF LIBOR	2.33%
October 2012 - December 2014	CHF	711.5	6 mo. CHF LIBOR	3.65%
January 2015 - January 2018	CHF	400.0	6 mo. CHF LIBOR	2.51%
January 2015 - December 2016	CHF	370.9	6 mo. CHF LIBOR	3.82%
January 2015 - November 2019	CHF	226.8	6 mo. CHF LIBOR + 5.01%	6.88%
July 2013	CLP	73,800.0	6.77%	6 mo. TAB
July 2013	HUF	5,908.8	6 mo. BUBOR	8.52%
July 2013	PLN	115.1	6 mo. WIBOR	5.41%
VTR:				
July 2013	CLP	73,800.0	6 mo. TAB	7.78%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of March 31, 2012, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to March 31, 2012, we present a range of dates that represents the period covered by the applicable derivative instrument.

UPC Holding Cross-Currency Options

Pursuant to its cross-currency option contracts, UPC Holding has the option to deliver U.S. dollars to the counterparty in exchange for Swiss francs at a fixed exchange rate of approximately 0.74 Swiss francs per one U.S. dollar, in the notional amounts listed below:

Contract expiration date	Notional amount at March 31, 2012	
	in millions	
April 2018	$	419.8
October 2016	$	19.8
April 2017	$	19.8
October 2017	$	19.8

Foreign Currency Forwards

The following table summarizes our outstanding foreign currency forward contracts at March 31, 2012:

Subsidiary	Currency purchased forward		Currency sold forward		Maturity dates
	in millions				
UPC Holding	$	479.0	CHF	415.1	October 2016 - April 2018
UPC Broadband Holding	€	70.2	CHF	84.5	April 2012 - March 2013
UPC Broadband Holding	€	6.0	CZK	150.6	April 2012 - March 2013
UPC Broadband Holding	€	14.2	HUF	4,250.0	April 2012 - January 2013
UPC Broadband Holding	€	25.7	PLN	109.7	April 2012 - March 2013
UPC Broadband Holding	CHF	102.6	€	85.1	April 2012
UPC Broadband Holding	CZK	327.5	€	13.2	April 2012
UPC Broadband Holding	HUF	3,200.0	€	10.8	May 2012
UPC Broadband Holding	PLN	89.0	€	21.3	April 2012
UPC Broadband Holding	RON	26.5	€	6.0	April 2012
VTR	$	35.0	CLP	17,674.7	April 2012 - March 2013

(5) Fair Value Measurements

We use the fair value method to account for (i) certain of our investments and (ii) our derivative instruments. The reported fair values of these investments and derivative instruments as of March 31, 2012 likely will not represent the value that will be realized upon the ultimate settlement or disposition of these assets and liabilities. In the case of the investments that we account for using the fair value method, the values we realize upon disposition will be dependent upon, among other factors, market conditions and the historical and forecasted financial performance of the investees at the time of any such disposition. With respect to our derivative instruments, we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within

Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the three months ended March 31, 2012, no such transfers were made.

All of our Level 2 inputs (interest rate futures, swap rates, and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive 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.

Our investments that we account for at fair value are privately-held companies, and therefore, quoted market prices are unavailable. The valuation technique we use for such investments is a combination of an income approach (discounted cash flow model based on forecasts) and a market approach (market multiples of similar businesses). With the exception of certain inputs for our weighted average cost of capital calculations that are derived from pricing services, the inputs used to value these investments are based on unobservable inputs derived from our assumptions. Therefore, the valuation of our privately-held investments falls under Level 3 of the fair value hierarchy. Any reasonably foreseeable changes in assumed levels of unobservable inputs would not be expected to have a material impact on our financial position or results of operations.

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 derivative instruments. This observable data includes applicable interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads are Level 3 inputs that are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we 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 calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. We did not perform significant nonrecurring fair value measurements during the three months ended March 31, 2012 or 2011.

A summary of the assets and liabilities that are measured at fair value on a recurring basis is as follows:

Description	March 31, 2012	Fair value measurements at March 31, 2012 using: Significant other observable inputs (Level 2)	Fair value measurements at March 31, 2012 using: Significant unobservable inputs (Level 3)
		in millions	
Assets:			
Derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 263.8	€ 263.8	€ —
Foreign currency forward contracts	0.4	0.4	—
Embedded derivatives	1.6	1.6	—
Total derivative instruments	265.8	265.8	—
Investments	21.7	—	21.7
Total assets	€ 287.5	€ 265.8	€ 21.7
Liabilities - derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 1,548.6	€ 1,548.6	€ —
Foreign currency forward contracts	11.1	11.1	—
Embedded derivatives	1.0	1.0	—
Total liabilities	€ 1,560.7	€ 1,560.7	€ —

Description	December 31, 2011	Fair value measurements at December 31, 2011 using: Significant other observable inputs (Level 2)	Fair value measurements at December 31, 2011 using: Significant unobservable inputs (Level 3)
		in millions	
Assets:			
Derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 427.2	€ 427.2	€ —
Foreign currency forward contracts	1.7	1.7	—
Embedded derivatives	1.0	1.0	—
Total derivative instruments	429.9	429.9	—
Investments	21.3	—	21.3
Total assets	€ 451.2	€ 429.9	€ 21.3
Liabilities - derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 1,590.8	€ 1,590.8	€ —
Foreign currency forward contracts	2.2	2.2	—
Embedded derivatives	1.8	1.8	—
Total liabilities	€ 1,594.8	€ 1,594.8	€ —

A reconciliation of the beginning and ending balances of our investments measured at fair value on a recurring basis using significant unobservable, or Level 3, inputs is as follows (in millions):

Balance of asset at January 1, 2012	€	21.3
Gains included in net loss (a)		0.3
Foreign currency translation adjustments		0.1
Balance of asset at March 31, 2012	€	21.7

(a) The net gain recognized during the first three months of 2012, which is included in other income (expense), net, in our condensed consolidated statement of operations, relates to investments that we continue to carry on our condensed consolidated balance sheet as of March 31, 2012.

(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, 2012	December 31, 2011
	in millions	
Distribution systems	€ 5,762.3	€ 5,597.9
Customer premises equipment	2,005.9	1,916.4
Support equipment, buildings and land	1,050.0	1,023.9
	8,818.2	8,538.2
Accumulated depreciation	(4,663.1)	(4,428.9)
Total property and equipment, net	€ 4,155.1	€ 4,109.3

During the three months ended March 31, 2012 and 2011, we recorded non-cash increases to our property and equipment related to assets acquired under capital leases of €0.4 million and nil, respectively. In addition, during the three months ended March 31, 2012, we recorded non-cash increases related to our vendor financing arrangements of €4.6 million. Furthermore, we recorded non-cash increases to our property and equipment of €14.0 million related to assets purchased on our behalf pursuant to vendor financing arrangements of an LGI subsidiary outside of UPC Holding, which amount excludes related value-added tax of €2.7 million that was also financed under this arrangement. The transfer of these purchased assets to our company was settled through an increase to our shareholder loan. For additional information, see notes 7 and 11.

Goodwill

Changes in the carrying amount of our goodwill during the three months ended March 31, 2012 are set forth below:

	January 1, 2012	Acquisitions and related adjustments	Foreign currency translation adjustments	March 31, 2012
	in millions			
UPC Europe:				
The Netherlands	€ 912.1	€ —	€ —	€ 912.1
Switzerland	2,335.4	0.7	24.9	2,361.0
Other Western Europe	781.6	—	—	781.6
Total Western Europe	4,029.1	0.7	24.9	4,054.7
Central and Eastern Europe	1,083.5	13.1	55.7	1,152.3
Total UPC Europe	5,112.6	13.8	80.6	5,207.0
VTR (Chile)	396.7	—	13.3	410.0
Total	€ 5,509.3	€ 13.8	€ 93.9	€ 5,617.0

In the case of certain of our smaller reporting units, including our broadband communications operations in Hungary, and the Czech Republic, a hypothetical 20% to 30% decline in the fair value of any of these reporting units could result in the need to record a goodwill impairment charge. At March 31, 2012, the goodwill associated with these reporting units aggregated €610.5 million. If, among other factors, (i) LGI'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.

At March 31, 2012 and December 31, 2011 and based on exchange rates as of those dates, the amount of our accumulated goodwill impairments was €177.2 million and €179.7 million, respectively. These amounts include accumulated impairments related to our broadband communications operations in Romania, which are included within UPC Europe's Central and Eastern Europe segment.

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization are set forth below:

	March 31, 2012			December 31, 2011		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships	€ 1,135.6	€ (760.1)	€ 375.5	€ 1,110.2	€ (720.2)	€ 390.0
Other	22.3	(7.2)	15.1	20.8	(4.8)	16.0
	€ 1,157.9	€ (767.3)	€ 390.6	€ 1,131.0	€ (725.0)	€ 406.0

(7) Debt and Capital Lease Obligations

The euro equivalents of the components of our consolidated debt and capital lease obligations are as follows:

	March 31, 2012		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
				in millions		
Third-party debt:						
Parent - UPC Holding Senior Notes...	8.92%	€ —	€ 1,736.2	€ 1,648.9	€ 1,600.9	€ 1,607.9
Subsidiaries:						
UPC Broadband Holding Bank Facility	4.24%	1,078.1	4,051.2	4,529.9	4,122.1	4,737.1
UPCB SPE Notes	6.88%	—	3,218.2	2,540.8	3,121.4	2,596.6
Other (f)	4.27%	—	81.2	77.5	81.2	77.5
Total third-party debt	6.01%	1,078.1	€ 9,086.8	€ 8,797.1	8,925.6	9,019.1
Related-party debt (note 11):						
Shareholder loan	9.79%	—	(e)	(e)	8,631.4	8,693.8
Other	9.29%	—	(e)	(e)	3.7	—
Total related-party debt	9.79%	—			8,635.1	8,693.8
Total debt	7.86%	€ 1,078.1			17,560.7	17,712.9
Capital lease obligations					26.5	26.3
Total debt and capital lease obligations					17,587.2	17,739.2
Current maturities					(83.6)	(80.8)
Long-term debt and capital lease obligations					€ 17,503.6	€ 17,658.4

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(a) Represents the weighted average interest rate in effect at March 31, 2012 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 our interest rate derivative agreements, deferred financing costs, original issue discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue discounts and commitments fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party indebtedness was approximately 8.8% at March 31, 2012. For information concerning our derivative instruments, see note 4.

(b) Unused borrowing capacity represents the maximum availability under the applicable facility at March 31, 2012 without regard to covenant compliance calculations or other conditions precedent to borrowing. At March 31, 2012, the full amount of unused borrowing capacity was available to be borrowed under each of the respective facilities except as noted below. At March 31, 2012, our availability under the UPC Broadband Holding Bank Facility (as defined below) was limited to €337.3 million. When the March 31, 2012 compliance reporting requirements have been completed, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €210.3 million.

(c) The estimated fair values of our debt instruments were determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information concerning the fair value hierarchies, see note 5.

(d) Amounts include the impact of discounts, where applicable.

(e) The fair values are not subject to reasonable estimation due to the related-party nature of these loans.

(f) The March 31, 2012 and December 31, 2011 carrying amounts include €80.8 million and €77.1 million, respectively, owed pursuant to interest-bearing vendor financing arrangements that are generally due within one year of the borrowing date. At March 31, 2012 and December 31, 2011, the amounts owed pursuant to these arrangements included €9.5 million and €9.0 million of value-added tax that was paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments and repurchases of debt and capital lease obligations in our condensed consolidated cash flow statements.

Shareholder Loan

UPC Holding has an unsecured shareholder loan with its immediate parent, Liberty Global Europe Financing B.V. (LGE Financing), which, as amended, is scheduled to be repaid in 2030 and is subordinated in right of payment to the prior payment in full of the UPC Holding Senior Notes in the event of (i) a total or partial liquidation, dissolution or winding up of UPC Holding, (ii) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to UPC Holding or its property, (iii) an assignment for the benefit of creditors or (iv) any marshaling of UPC Holding's assets or liabilities. Accrued interest is included in other long-term liabilities until the end of each fiscal year and then it is transferred to the loan balance. The interest rate on the shareholder loan is reviewed annually, with adjustments effective on January 1 of each year. The interest rate was 9.79% and 7.75% for the three months ended March 31, 2012 and 2011, respectively. The net decrease in the shareholder loan balance during three months ended March 31, 2012 includes (i) cash payments of €390.2 million, (ii) cash borrowings of €297.9 million, (iii) non-cash additions of €15.7 million related to the transfer to our company of assets purchased on our behalf pursuant to vendor financing arrangements of an LGI subsidiary outside of UPC Holding and (iv) a net non-cash increase of €14.2 million related to the settlement of intercompany charges and allocations. During the three months ended March 31, 2012 and 2011, none of the debt repayments were payments of interest.

UPC Broadband Holding Bank Facility

The UPC Broadband Holding Bank Facility, as amended, is the senior secured credit facility of UPC Broadband Holding.

The details of our borrowings under the UPC Broadband Holding Bank Facility are summarized in the following table:

		March 31, 2012						
Facility	**Final maturity date**	**Interest rate**	**Facility amount (in borrowing currency) (a)**		**Unused borrowing capacity (b)**		**Carrying value (c)**	
					in millions			
Q	July 31, 2014	EURIBOR + 2.75%	€	30.0	€	30.0	€	—
R	December 31, 2015	EURIBOR + 3.25%	€	290.7		—		290.7
S	December 31, 2016	EURIBOR + 3.75%	€	1,204.5		—		1,204.5
T	December 31, 2016	LIBOR + 3.50%	$	260.2		—		194.0
U	December 31, 2017	EURIBOR + 4.00%	€	750.8		—		750.8
V (d)	January 15, 2020	7.625%	€	500.0		—		500.0
W	March 31, 2015	EURIBOR + 3.00%	€	144.1		144.1		—
X	December 31, 2017	LIBOR + 3.50%	$	1,042.8		—		782.1
Y (d)	July 1, 2020	6.375%	€	750.0		—		750.0
Z (d)	July 1, 2020	6.625%	$	1,000.0		—		750.0
AA	July 31, 2016	EURIBOR + 3.25%	€	904.0		904.0		—
AB	December 31, 2017	(e)	$	500.0		—		364.5
AC (d)	November 15, 2021	7.250%	$	750.0		—		562.5
AD (d)	January 15, 2022	6.875%	$	750.0		—		562.5
AE	December 31, 2019	EURIBOR + 3.75%	€	535.5		—		535.5
Elimination of Facilities V, Y, Z, AC and AD in consolidation (d)						—		(3,125.0)
Total					€	1,078.1	€	4,122.1

(a) Except as described in (d) below, amounts represent total third-party facility amounts at March 31, 2012 without giving effect to the impact of discounts.

(b) At March 31, 2012, our availability under the UPC Broadband Holding Bank Facility was limited to €337.3 million. When the March 31, 2012 compliance reporting requirements have been completed, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €210.3 million. Facility Q, Facility W and Facility AA have commitment fees on unused and uncanceled balances of 0.75%, 1.2% and 1.3% per year, respectively.

(c) The carrying values of Facilities T and AB include the impact of discounts.

(d) The UPCB SPE Notes were issued by certain special purpose entities (the UPCB SPEs) that were created for the primary purpose of facilitating the offering of certain senior secured notes (the UPCB SPE Notes). The proceeds from the UPCB SPE Notes were used to fund additional Facilities V, Y, Z, AC and AD (each a UPCB SPE Funded Facility), with UPC Financing Partnership (UPC Financing), a wholly-owned subsidiary of UPC Holding, as the borrower. Each UPCB SPE is dependent on payments from UPC Financing under the applicable UPCB SPE Funded Facility in order to service its payment obligations under its UPCB SPE Notes. Although UPC Financing has no equity or voting interest in any of the UPCB SPEs, each of the UPCB SPE Funded Facility loans creates a variable interest in the respective UPCB SPE for which UPC Financing is the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Financing and its parent entities, including UPC Holding and LGI, are required by the provisions of U.S. GAAP to consolidate the UPCB SPEs. As a result, the amounts outstanding under Facilities V, Y, Z, AC and AD are eliminated in our consolidated financial statements. During the first quarter of 2012, we recognized losses on debt modifications and extinguishments aggregating €1.5 million, representing the write-off of deferred financing costs in connection with the prepayment of amounts outstanding under Facilities M, N and O with proceeds from certain of the UPCB SPE Notes.

(e) Facility AB bears interest at a rate of LIBOR plus 3.50% with a LIBOR floor of 1.25%.

Maturities of Debt and Capital Lease Obligations

Maturities of our debt and capital lease obligations as of March 31, 2012 are presented below. Amounts presented below represent euro equivalents based on March 31, 2012 exchange rates:

Debt:

	Third-party debt (a)	Shareholder loan and related-party debt	Total
		in millions	
Year ended December 31:			
2012 (remainder of year)	€ 80.4	€ —	€ 80.4
2013	0.8	—	0.8
2014	—	—	—
2015	290.6	—	290.6
2016	1,699.6	—	1,699.6
2017	1,908.0	—	1,908.0
Thereafter	5,000.7	8,635.1	13,635.8
Total debt maturities	8,980.1	8,635.1	17,615.2
Unamortized discount	(54.5)	—	(54.5)
Total debt	€ 8,925.6	€ 8,635.1	€ 17,560.7
Current portion	€ 80.4	€ —	€ 80.4
Noncurrent portion	€ 8,845.2	€ 8,635.1	€ 17,480.3

(a) Amounts include the UPCB SPE Notes. As described above, the UPCB SPEs are consolidated by UPC Holding.

Capital lease obligations (in millions):

Year ended December 31:		
2012 (remainder of year)	€	4.3
2013		3.7
2014		2.9
2015		2.8
2016		2.7
2017		2.7
Thereafter		22.7
		41.8
Amounts representing interest		(15.3)
Present value of net minimum lease payments	€	26.5
Current portion	€	3.2
Noncurrent portion	€	23.3

Non-cash Refinancing Transactions

During the three months ended March 31, 2012 and 2011, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating €535.5 million and nil, respectively.

(8) Income Taxes

Income tax expense attributable to our earnings (loss) before income taxes differs from the amounts computed by applying the Dutch income tax rate of 25.0%, as a result of the following:

	Three months ended March 31,			
	2012		2011	
	in millions			
Computed expected tax benefit (expense)	€	55.0	€	(16.6)
Non-deductible or non-taxable interest and other expenses		(46.1)		(35.4)
Change in valuation allowances		(33.1)		33.4
Other, net		1.1		(1.0)
Total	€	(23.1)	€	(19.6)

(9) Owners' Deficit

VTR. On January 26, 2012, we and the 20% noncontrolling interest owner in VTR (the VTR NCI Owner) approved a distribution of CLP 35.0 billion (€54.6 million at the applicable rate). We expect that this dividend will be paid in various installments during the remainder of 2012. The VTR NCI Owner's share of this distribution is CLP 7.0 billion (€10.9 million at the applicable rate).

(10) Stock Incentive Awards

Our stock-based compensation expense includes amounts allocated to our company by LGI and amounts that are based on stock incentive awards related to shares of our subsidiaries. The amounts allocated by LGI to our company represent the stock-based compensation associated with the LGI stock incentive awards held by certain employees of our subsidiaries. Stock-based compensation expense allocated to our company by LGI is reflected as a decrease to parent's deficit. The following table summarizes the U.S. dollar and euro equivalent (convenience translations at the applicable average rate for the period) of our stock-based compensation expense:

	Three months ended March 31,			
	2012		2011	
	U.S. $	Euro equivalent	U.S. $	Euro equivalent
	in millions			
LGI common stock:				
LGI performance-based incentive awards (a)	$ 2.4	€ 1.8	$ 1.5	€ 1.1
Other LGI stock-based incentive awards	2.5	1.9	2.7	2.0
Total LGI common stock	4.9	3.7	4.2	3.1
Other (b)	0.8	0.6	0.3	0.2
Total	$ 5.7	€ 4.3	$ 4.5	€ 3.3
Included in:				
Operating expense	$ 0.3	€ 0.2	$ 0.4	€ 0.3
SG&A expense	5.4	4.1	4.1	3.0
Total	$ 5.7	€ 4.3	$ 4.5	€ 3.3

(a) Includes stock-based compensation expense related to LGI performance-based restricted share units (PSUs) and, during the 2011 period, LGI's five-year performance-based incentive plans for our senior executives and certain key employees (the LGI Performance Plans).

(b) Includes €0.5 million of stock-based compensation expense for the three months ended March 31, 2012 related to performance-based awards granted pursuant to a liability-based plan in which VTR employees participate. These awards were granted during the first quarter of 2012 and, subject to the achievement of the minimum performance criteria, 50% to 150% of these awards will vest on December 31, 2013 based on the level of the specified performance criteria that is achieved through 2012.

The following table provides certain information related to stock-based compensation not yet recognized for stock incentive awards related to LGI common stock as of March 31, 2012:

	LGI common stock (a)		LGI PSUs (a) (b)	
	U.S. $	Euro equivalent (c)	U.S. $	Euro equivalent (c)
Total compensation expense not yet recognized (in millions)	$ 17.9	€ 13.4	$ 19.2	€ 14.4
Weighted average period remaining for expense recognition (in years)	2.5		1.9	

(a) Amounts relate to awards granted under the Liberty Global, Inc. 2005 Incentive Plan (as amended and restated October 31, 2006) (the LGI Incentive Plan). The LGI Incentive Plan had 11,098,045 shares available for grant as of March 31, 2012. These shares may be awarded in any series of LGI's common stock.

(b) Amounts relate to PSUs granted in 2012, 2011 and 2010. For information concerning the PSUs granted in 2012, see below.

(c) Convenience translations into euros are calculated as of March 31, 2012.

The following table summarizes certain information related to the incentive awards granted and exercised by employees of our subsidiaries with respect to LGI common stock:

	Three months ended March 31,	
	2012	2011
Assumptions used to estimate fair value of options and stock appreciation rights (SARs) granted:		
Risk-free interest rate	(a)	1.14%
Expected life	(a)	3.4 years
Expected volatility	(a)	41.1%
Expected dividend yield	(a)	none
Weighted average grant-date fair value per share of awards granted:		
SARs	(a)	$ 12.43
Restricted shares and restricted share units	(a)	$ 40.24
PSUs	$ 50.20	$ 39.98
Total intrinsic value of awards exercised (in millions):		
Options	$ —	$ 0.6
SARs	$ 5.6	$ 6.9
Cash received from exercise of options (in millions)	$ —	$ 1.7

(a) Items are not applicable as no LGI equity incentive awards were granted to our employees during the three months ended March 31, 2012.

LGI PSUs

In March 2012, the compensation committee of LGI's board of directors granted to LGI's executive officers and certain key employees a total of 417,422 LGI Series A PSUs and 417,422 LGI Series C PSUs (including 125,092 and 125,092 respectively, granted to employees of our subsidiaries) pursuant to the LGI Incentive Plan. Each PSU represents the right to receive one share of Series A common stock or Series C common stock, as applicable, subject to performance and vesting. The performance period for these PSUs (the 2012 PSUs) is January 1, 2012 to December 31, 2013. As the performance measure, the compensation committee of LGI's board of directors selected the compound annual growth rate in LGI's consolidated operating cash flow (OCF CAGR) from 2011 to 2013, as adjusted for events such as acquisitions, dispositions and changes in foreign currency exchange rates and accounting principles or policies that effect comparability. The target OCF CAGR selected by the committee was based upon a comparison of LGI's 2011 actual results to those reflected in LGI's then existing long-range plan for 2013. The target OCF CAGR is subject to upward or downward adjustment for certain events in accordance with the terms of the grant agreement. A performance range of 75% to 125% of the target OCF CAGR would generally result in award recipients earning 50% to 150% of their 2012 PSUs, subject to reduction or forfeiture based on individual performance. One-half of the earned 2012 PSUs will vest on March 31, 2014 and the balance will vest on September 30, 2014. The compensation committee of LGI's board of directors also established a minimum OCF CAGR base performance objective, subject to certain limited adjustments, which must be satisfied in order for LGI's named executive officers to be eligible to earn any of their 2012 PSUs.

In March and April 2010, the compensation committee of LGI's board of directors approved the grant to LGI's executive officers and certain key employees of a total of 692,678 LGI Series A PSUs and 692,678 LGI Series C PSUs (including 193,172 and 193,172 respectively, granted to employees of our subsidiaries) pursuant to the LGI Incentive Plan. The performance period for these PSUs (the 2010 PSUs) was January 1, 2010 to December 31, 2011. The final performance target as adjusted by the compensation committee of LGI's board of directors was the achievement of a Target OCF CAGR (as defined in the grant agreement) of approximately 6% for the two-year performance period, determined by comparing LGI's 2011 Adjusted OCF to LGI's 2009 Adjusted OCF (each as defined in the grant agreement). In February 2012, the compensation committee of LGI's board of directors determined that an OCF CAGR of 5.7% was achieved with respect to the 2010 PSUs, resulting in award recipients earning approximately 87.5% of their 2010 PSUs. One-half of the earned 2010 PSUs vested on March 31, 2012 and the balance will vest on September 30, 2012.

Stock Award Activity - LGI Common Stock

The following tables summarize the stock award activity during the three months ended March 31, 2012 with respect to LGI common stock held by employees of our subsidiaries:

SARs — LGI Series A common stock	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2012	917,864	$ 31.31		
Transfers	615	$ 27.48		
Forfeited or expired	(8,839)	$ 35.35		
Exercised	(102,166)	$ 20.66		
Outstanding at March 31, 2012	807,474	$ 32.61	5.0	$ 14.1
Exercisable at March 31, 2012	193,549	$ 30.27	4.2	$ 3.8

SARs — LGI Series C common stock	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2012	890,917	$ 30.54		
Transfers	615	$ 27.08		
Forfeited or expired	(8,839)	$ 34.16		
Exercised	(104,581)	$ 20.39		
Outstanding at March 31, 2012	778,112	$ 31.86	5.2	$ 12.4
Exercisable at March 31, 2012	164,187	$ 30.51	4.8	$ 2.8

Restricted shares and share units — LGI Series A common stock	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2012	132,533	$ 30.72	
Transfers	226	$ 21.08	
Forfeited	(3,066)	$ 35.02	
Released from restrictions	(17,524)	$ 28.04	
Outstanding at March 31, 2012	112,169	$ 31.00	2.1

Restricted shares and share units — LGI Series C common stock	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2012	132,533	$ 29.73	
Transfers	226	$ 21.26	
Forfeited	(3,066)	$ 33.86	
Released from restrictions	(17,524)	$ 27.09	
Outstanding at March 31, 2012	112,169	$ 30.01	2.1

PSUs — LGI Series A common stock	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2012	247,829	$ 35.15	
Granted	125,092	$ 51.26	
Performance adjustment	(13,200)	$ 27.64	
Released from restrictions	(46,347)	$ 27.64	
Outstanding at March 31, 2012	313,374	$ 43.01	1.8

PSUs — LGI Series C common stock	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2012	247,829	$ 34.10	
Granted	125,092	$ 49.14	
Performance adjustment	(13,200)	$ 27.25	
Released from restrictions	(46,347)	$ 27.25	
Outstanding at March 31, 2012	313,374	$ 41.40	1.8

(11) Related-Party Transactions

Our related-party transactions are as follows:

	Three months ended March 31,	
	2012	2011
	in millions	
Revenue	€ 2.7	€ 2.2
Operating expenses	(16.9)	(14.8)
SG&A expenses	0.2	(0.5)
Allocated stock-based compensation expense	(3.7)	(3.1)
Fees and allocations, net	0.4	(1.5)
Included in operating income	(17.3)	(17.7)
Interest expense	(215.1)	(167.4)
Included in net earnings (loss)	€ (232.4)	€ (185.1)

Revenue. Amounts consist primarily of cash settled construction and programming services provided to our affiliates, programming services provided to Chellomedia BV (Chellomedia) and cash settled backbone capacity provided to Unitymedia GmbH (Unitymedia), both of which are subsidiaries of LGI that are outside of UPC Holding. In addition, the 2012 amount includes €0.3 million of cash settled backbone capacity provided to VTR Wireless.

Operating expenses. Amounts consist primarily of cash settled programming and digital interactive services provided by Chellomedia and, to a lesser extent, cash settled programming services provided by Pramer S.C.A., a subsidiary of LGI that is outside of UPC Holding, in the aggregate amounts of €15.4 million and €14.2 million for the three months ended March 31, 2012 and 2011, respectively. In addition, operating expenses include costs for cash settled programming and interconnect fees charged by certain of LGI's affiliates of €3.1 million and €2.3 million for the three months ended March 31, 2012 and 2011 respectively. In addition, the 2012 and 2011 amounts are net of (i) €1.4 million and €1.6 million, respectively, of cash settled encryption and other operating expenses charged to Unitymedia and (ii) €0.2 million and €0.1 million, respectively, of cash settled facilities and other operating expenses charged by VTR to VTR Wireless.

SG&A expenses. Amounts consist primarily of cash settled administrative charges, primarily between our company, Chellomedia and Liberty Global Europe BV (LG Europe), a subsidiary of LGI outside of UPC Holding, of €0.5 million and €0.8 million the three months ended March 31, 2012 and 2011, respectively. In addition, the 2012 and 2011 amounts are net of €0.7 million and €0.3 million, respectively, of cash settled SG&A expenses charged by VTR to VTR Wireless.

Allocated stock-based compensation expense. As further described in note 10, LGI allocates stock-based compensation to our company.

Fees and allocations, net. These amounts represent the aggregate net effect of charges between subsidiaries of UPC Holding and various LGI subsidiaries outside of UPC Holding, including (i) aggregate charges from LG Europe and Liberty Global Europe Ltd. (LGE Ltd.) of €17.6 million and €13.1 million during the three months ended March 31, 2012 and 2011 respectively, (ii) charges to Unitymedia and KBW of €13.3 million and €7.5 million during the three months ended March 31, 2012 and 2011, respectively, and (iii) charges to LGI and certain other LGI subsidiaries of €4.7 million and €4.1 million during the months ended March 31, 2012 and 2011, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to or by our subsidiaries and, in the case of charges to Unitymedia, also include charges related to marketing and other services that support Unitymedia's broadband communications operations. The amounts charged generally are based on the respective subsidiary's estimated share of the applicable costs incurred (including personnel and other costs related to the services provided) plus a mark-up. The quarterly charges are based on estimated costs that are reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The annual revision to reflect actual costs for 2011 and 2010 amounted to decreases of €0.7 million and €2.2 million, respectively, in our billings to LGI and certain other LGI subsidiaries during the three months ended March 31, 2012 and 2011, respectively.

Interest expense. Amount includes interest accrued on our shareholder loan. Interest expense is accrued and included in other long-term liabilities during the year, and then added to the shareholder loan balance at the end of the year. For additional information, see note 7.

Except as noted above, our intercompany transactions are typically loan settled. Depending on the nature of our intercompany transactions, the amount of the charges or allocations may be based on (i) estimated or allocated costs, (ii) estimated or allocated costs plus a mark-up or (iii) commercially negotiated rates. Although we believe that the intercompany charges and fees described above are reasonable, no assurance can be given that the related-party costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a stand-alone basis. In addition to the allocated operating and SG&A expenses disclosed above, VTR and VTR Wireless each pay certain operating and SG&A expenses on behalf of the other party and settle amounts due at a later date.

The following table provides details of our related-party balances:

	March 31, 2012	December 31, 2011
	in millions	
Other current assets (a)	€ 25.7	€ 30.0
Accounts payable	€ 22.3	€ 27.5
Accrued liabilities	26.5	17.3
Shareholder loan (note 7)	8,631.4	8,693.8
Related-party debt (b)	3.7	—
Other long-term liabilities (c)	215.1	—
Total	€ 8,899.0	€ 8,738.6

(a) Represents related-party receivables.

(b) Represents borrowings under a loan agreement between a subsidiary of LGI and UPC Equipment BV, a subsidiary of UPC Holding. This note bears interest at 9.29% as of March 31, 2012 and matures in March 2032. The interest rate on this note is reviewed annually, with adjustments effective on January 1 of each year.

(c) Represents accrued interest on the shareholder loan. For additional information see note 7.

During the three months ended 2012, we recorded non-cash increases to our property and equipment of €15.7 million in connection with assets purchased on our behalf pursuant to vendor financing arrangements of an LGI subsidiary outside of UPC Holding. The transfer of these purchased assets to our company was settled through an increase to our shareholder loan.

During the three months ended 2012, we recorded aggregate capital charges of €4.6 million in our condensed consolidated statement of owners' deficit in connection with the exercise of LGI SARs and stock options and the vesting of LGI restricted stock awards held by employees of our subsidiaries. These capital charges, which generally are loan settled, are based on the fair value of the underlying LGI common stock on the exercise or vesting date, as applicable.

(12) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancellable operating leases, programming contracts, satellite carriage commitments, purchases of customer premises equipment and other items. As of March 31, 2012, the euro equivalents (based on March 31, 2012 exchange rates) of such commitments that are not reflected in our condensed consolidated balance sheet are as follows:

	Payments due during:							
	Remainder of 2012	Year ending December 31,						
		2013	2014	2015	2016	2017	Thereafter	Total
	in millions							
Operating leases	€ 62.3	€ 49.6	€ 36.2	€ 36.0	€ 28.3	€ 24.5	€ 140.4	€ 377.3
Programming obligations	76.9	29.9	25.3	24.0	23.3	23.1	—	202.5
Other commitments	161.8	50.2	34.7	35.0	20.5	18.6	38.2	359.0
Total	€ 301.0	€ 129.7	€ 96.2	€ 95.0	€ 72.1	€ 66.2	€ 178.6	€ 938.8

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems, or (iii) whether we discontinue our premium film or sports services. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the three months ended March 31, 2012 and 2011, the programming and copyright costs incurred by our broadband communications and DTH operations aggregated €125.7 million and €115.3 million, respectively.

Other commitments relate primarily to (i) satellite commitments associated with satellite carriage services provided to our company, (ii) purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us and (iii) certain fixed minimum contractual commitments associated with our agreements with franchise or municipal authorities. Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments pursuant to which we expect to make payments in future periods. For information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2012 and 2011, 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.

Contingent Obligations

We are a party to various stockholder and similar agreements pursuant to which we could be required to make capital contributions to the entity in which we have invested or purchase another investor's interest. We do not expect any payments made under these provisions to be material in relationship to our financial position or results of operations.

Guarantees and Other Credit Enhancements

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

Legal and Regulatory Proceedings and Other Contingencies

Netherlands Regulatory Developments. In 2011, the Dutch National Regulatory Authority (OPTA) completed a market assessment of the television market in the Netherlands, concluding that there were no grounds for further regulation of that market. In May 2012, the Dutch Parliament adopted laws that (i) provide the power to two authorities, OPTA and the Commissariaat voor de Media, to impose an obligation for the mandatory resale of television services and (ii) provide for "net neutrality" on the internet, including limitations on the ability of broadband service providers to delay, choke or block traffic except under specific circumstances. We are of the opinion that the new regulations pertaining to resale are contrary to EU law and we will contest their application, along with other market participants. No formal implementation dates of the new regulations have been issued as yet. In addition, an implementation of a resale regime would likely take several months or more, if in fact implemented given OPTA's position on the competitiveness of the television market. There can be no assurance however that some form of resale regime will not be ultimately imposed. The new regulation concerning "net neutrality" needs to work within a broader EU framework, requires some implementation by relevant authorities, and is subject to challenge by market participants. It is unclear therefore what its impact on the industry and our business will be at this stage, if any.

Other Regulatory Issues. Video distribution, broadband internet, telephony and content businesses are regulated in each of the countries in which we operate. The scope of regulation varies from country to country, although in some significant respects regulation in European markets is harmonized under the regulatory structure of the European Union (EU). Adverse regulatory developments could subject our businesses to a number of risks. Regulation could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and capital expenditures. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

Other. In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) wage, property, sales and other tax issues and (iii) disputes over interconnection, programming, copyright and carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from the 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 or cash flows 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.

(13) Segment Reporting

We own a variety of international subsidiaries that provide broadband communications and DTH services, and to a lesser extent, programming services. We generally identify our reportable segments as those consolidated subsidiaries that represent 10% or more of our revenue, operating cash flow (as defined below) or total assets. In certain cases, we may elect to include an operating segment in our segment disclosure that does not meet the above-described criteria for a reportable segment. We evaluate performance and make decisions about allocating resources to our operating segments based on financial measures such as revenue and operating cash flow. In addition, we review non-financial measures such as subscriber growth, as appropriate.

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

We have identified the following consolidated operating segments as our reportable segments:

- UPC Europe:
  - The Netherlands
  - Switzerland
  - Other Western Europe
  - Central and Eastern Europe
- VTR (Chile)

All of the reportable segments set forth above derive their revenue primarily from broadband communications services, including video, broadband internet and telephony services. Most reportable segments also provide business-to-business (B2B) services. At March 31, 2012, our UPC Europe operating segments provided broadband communications services in nine European countries and DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia through a Luxembourg-based organization that we refer to as "UPC DTH." Our Other Western Europe segment includes our broadband communications operating segments in Austria and Ireland. Our Central and Eastern Europe segment includes our broadband communications operating segments in the Czech Republic, Hungary, Poland, Romania and Slovakia. VTR provides broadband communications services in Chile. UPC Europe's central and other category includes (i) the UPC DTH operating segment, (ii) costs associated with certain centralized functions, including billing systems, network operations, technology, marketing, facilities, finance and other administrative functions and (iii) intersegment eliminations within UPC Europe.

Performance Measures of Our Reportable Segments

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

	Revenue	
	Three months ended March 31,	
	2012	2011
	in millions	
UPC Europe:		
The Netherlands	€ 236.9	€ 226.8
Switzerland	240.5	219.1
Other Western Europe	159.8	158.3
Total Western Europe	637.2	604.2
Central and Eastern Europe	214.2	193.8
Central and other	21.8	22.0
Total UPC Europe	873.2	820.0
VTR (Chile)	171.3	156.5
Total	€ 1,044.5	€ 976.5

	Operating cash flow	
	Three months ended March 31,	
	2012	2011
	in millions	
UPC Europe:		
The Netherlands	€ 139.3	€ 132.1
Switzerland	135.9	121.9
Other Western Europe	74.3	72.9
Total Western Europe	349.5	326.9
Central and Eastern Europe	104.9	93.0
Central and other	(27.3)	(23.9)
Total UPC Europe	427.1	396.0
VTR (Chile)	69.9	65.8
Total	€ 497.0	€ 461.8

The following table provides a reconciliation of total segment operating cash flow to earnings (loss) before income taxes:

	Three months ended March 31,	
	2012	2011
	in millions	
Total segment operating cash flow	€ 497.0	€ 461.8
Stock-based compensation expense	(4.3)	(3.3)
Related-party fees and allocations, net	0.4	(1.5)
Depreciation and amortization	(256.7)	(239.7)
Impairment, restructuring and other operating charges (credits), net	0.7	(2.3)
Operating income	237.1	215.0
Interest expense:		
Third-party	(146.3)	(118.6)
Related-party	(215.1)	(167.4)
Interest income	1.3	0.9
Realized and unrealized gains (losses) on derivative instruments, net	(308.9)	40.8
Foreign currency transaction gains, net	215.0	106.5
Losses on debt modifications and extinguishments	(3.0)	(11.3)
Other income (expense), net	(0.2)	0.4
Earnings (loss) before income taxes	€ (220.1)	€ 66.3

Revenue by Major Category

Our revenue by major category is set forth below:

	Three months ended March 31,	
	2012	2011 (a)
	in millions	
Subscription revenue (b):		
Video	€ 509.6	€ 486.2
Broadband internet	273.8	246.9
Telephony	152.6	140.8
Total subscription revenue	936.0	873.9
Non-subscription revenue (c)	108.5	102.6
Total	€ 1,044.5	€ 976.5

(a) Effective January 1, 2012, we began including the monthly revenue derived from certain small office and home office (SOHO) subscribers in our subscription revenue. SOHO subscribers receive video programming, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. Prior period amounts have been conformed to the current period presentation by reclassifying the corresponding SOHO revenue from non-subscription revenue to subscription revenue.

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

(c) Non-subscription revenue includes B2B, interconnect and installation revenue.

Geographic Segments

The revenue of our geographic segments is set forth below:

	Three months ended March 31, 2012	Three months ended March 31, 2011
	in millions	
Europe:		
The Netherlands	€ 236.9	€ 226.8
Switzerland	240.5	219.1
Austria	80.0	82.7
Ireland	79.8	75.6
Poland	87.3	64.4
Hungary	45.6	47.1
The Czech Republic	43.9	44.8
Romania	25.5	26.1
Slovakia	11.9	11.4
Other (a)	21.8	22.0
Total Europe	873.2	820.0
Chile	171.3	156.5
Total	€ 1,044.5	€ 976.5

(a) Primarily represents revenue of UPC DTH from customers located in Hungary, the Czech Republic, Romania and Slovakia.

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

The following discussion and analysis, which should be read in conjunction with our condensed consolidated financial statements and the discussion and analysis included in our 2011 annual report, 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:

- *Forward-Looking Statements.* This section provides a description of certain of the factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three months ended March 31, 2012 and 2011.
- *Material Changes in Financial Condition.* This section provides an analysis of our corporate and subsidiary liquidity, condensed consolidated cash flow statements and contractual commitments.

The capitalized terms used below have been defined in the notes to our condensed 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 as of March 31, 2012.

Forward-Looking Statements

Certain statements in this quarterly report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding business, product, foreign currency and finance strategies, our capital expenditures, subscriber growth and retention rates, competitive and economic factors, the maturity of our markets, anticipated cost increases, liquidity, credit risks, foreign currency risks and target leverage levels. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In addition to the risk factors described in our 2011 annual report, the following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the countries in which we operate;
- the competitive environment in the broadband communications and programming industries in the countries in which we operate, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues in the European Union (EU) and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of our existing service offerings, including our digital video, broadband internet and telephony services and of new technology, programming alternatives and broadband services that we may offer in the future;
- our ability to manage rapid technological changes;

- our ability to maintain or increase the number of subscriptions to our digital video, broadband internet and telephony services and our average revenue per household;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that opens our broadband distribution networks to competitors, such as the obligations imposed in the Netherlands;
- the 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, including the impact of the conditions imposed in connection with the acquisition of Aster on our operations in Poland;
- changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors to timely deliver products, equipment, software and services;
- the availability of attractive programming for our digital video services at reasonable costs;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- our ability to successfully integrate and realize anticipated efficiencies from the businesses we acquire;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- the outcome of any pending or threatened litigation;
- any further consolidation of the foreign broadband distribution industry;
- 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 our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

The broadband communications services industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this quarterly report 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 quarterly report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

Overview

We are an international provider of video, broadband internet and telephony services with consolidated broadband communications and/or DTH operations at March 31, 2012 in nine European countries and Chile. Our European broadband communications and DTH operations are collectively referred to as "UPC Europe." Our broadband communications operations in Chile are provided through VTR.

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

We offer telephony services in all of our broadband communications markets, primarily using voice-over-internet-protocol or "VoIP" technology. In Poland and the Netherlands we also offer mobile telephony services using third-party networks.

We have completed a number of transactions that impact the comparability of our 2012 and 2011 results of operations. The most significant of these transactions was the Aster Acquisition on September 16, 2011. We also completed a number of less significant acquisitions in Europe during 2011 and the first three months of 2012. For further information regarding the Aster Acquisition, see note 2 to our condensed consolidated financial statements.

LGI has initiated construction of a mobile network in Chile that will be used in combination with mobile virtual network operator (MVNO) arrangements to provide mobile services. As the Chilean mobile initiative will be conducted through VTR Wireless, an 80%-owned subsidiary of LGI that is outside of UPC Holding, all references to VTR in the following discussion and analysis exclude the operations and financial position of VTR Wireless.

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

At March 31, 2012, we owned and operated networks that passed 17,655,500 homes and served 18,137,300 revenue generating units (RGUs), consisting of 9,344,400 video subscribers, 5,148,700 broadband internet subscribers and 3,644,200 telephony subscribers. Effective January 1, 2012, we began including certain SOHO RGUs in our externally-reported subscriber statistics. As a result of this change, we recorded a non-organic adjustment to increase the number of our RGUs at January 1, 2012 by 126,600.

Including the effects of acquisitions, our continuing operations added a total of 206,000 RGUs during the three months ended March 31, 2012. Excluding the effects of acquisitions (RGUs added on the acquisition date), but including post-acquisition date RGU additions, our continuing operations added 198,000 RGUs (including 13,500 SOHO RGUs) on an organic basis during the three months ended March 31, 2012. The organic RGU growth during the three months ended March 31, 2012 is attributable to the growth of our (i) digital cable services, which added 149,400 RGUs, (ii) telephony services, which added 140,700 RGUs, (iii) broadband internet services, which added 118,300 RGUs, and (iv) DTH video services, which added 13,800 RGUs. The growth of our digital cable, telephony, broadband internet and DTH video services was partially offset by a decline in our analog cable RGUs of 221,900 and a less significant decline in our multi-channel multi-point (microwave) distribution system (MMDS) video RGUs.

We are experiencing significant competition from incumbent telecommunications operators, DTH operators and/or other providers in all of our broadband communications markets. This significant competition, together with the maturation of certain of our markets, has contributed to organic declines in certain of our markets in revenue, RGUs and/or average monthly subscription revenue per average RGU (ARPU), the more notable of which include:

(i) organic declines in (a) subscription revenue in Austria, the Czech Republic and Romania and (b) overall revenue in Austria and the Czech Republic during the first quarter of 2012, as compared to the first quarter of 2011;

(ii) organic declines in subscription revenue from (a) video services in Ireland, the Czech Republic and Romania and (b) broadband internet and telephony services in Austria during the first quarter of 2012, as compared to the first quarter of 2011;

(iii) organic declines in (a) subscription revenue from video services in Ireland and Poland and (b) overall revenue in Hungary, Poland and Austria during the first quarter of 2012, as compared to the fourth quarter of 2011;

(iv) organic declines in video RGUs in most of our markets during the first quarter of 2012, as net declines in our analog cable RGUs exceeded net additions to our digital cable RGUs (including migrations from analog cable) in these markets;

(v) organic declines in ARPU from broadband internet and telephony services in most of our broadband communications markets during the first quarter of 2012, as compared to the first quarter of 2011; and

(vi) organic declines in overall ARPU in Ireland, Austria, the Czech Republic, Slovakia, Romania, Poland and Hungary during the first quarter of 2012, as compared to the first quarter of 2011.

In addition to competition, our operations are subject to macro-economic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S. and certain European countries (including Ireland and Hungary), 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 our company. 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 our euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. This could result in a mismatch in the currencies of our assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could have a material adverse impact on our liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the eurozone countries, which in turn could have an adverse impact on demand for our products, and accordingly, on our revenue and cash flows. Moreover, any changes from euro to non-euro currencies within the countries in which we operate would require us to modify our billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow us to timely bill our customers or prepare and file required financial reports. In light of the significant exposure that we have to the euro through our euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on our company.

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

Material Changes in Results of Operations

As noted under *Overview* above, the comparability of our operating results during 2012 and 2011 is affected by acquisitions. In the following discussion, we quantify the estimated impact of acquisitions on our operating results. The acquisition impact represents our estimate of the difference between the operating results of the periods under comparison that is attributable to an acquisition. In general, we base our estimate of the acquisition impact on an acquired entity's operating results during the first three months following the acquisition date such that changes from those operating results in subsequent periods are considered to be organic changes. Accordingly, in the following discussion, variances attributed to an acquired entity during the first twelve months following the acquisition date represent differences between the estimated acquisition impact and the actual results.

Changes in foreign currency exchange rates have a significant impact on our reported operating results as certain of our operating segments have functional currencies other than the euro. Our primary exposure to FX risk during the three months ended March 31, 2012 was to the Swiss franc and the Chilean peso. In addition, our reported operating results are impacted by changes in the exchange rates of other local currencies in Europe. In this regard, 59.1% of our euro revenue during the three months ended March 31, 2012 was derived from subsidiaries whose functional currency is other than the euro. The portions of the changes in the various components of our results of operations that are attributable to changes in FX are highlighted under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* below.

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

Discussion and Analysis of our Reportable Segments

General

All of the reportable segments set forth below derive their revenue primarily from broadband communications services, including video, broadband internet and telephony services. Most reportable segments also provide B2B services. At March 31, 2012, our UPC Europe operating segments provided broadband communications services in nine European countries and DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia through UPC DTH. Our Other Western Europe segment includes our broadband communications operating segments in Austria and Ireland. Our Central and Eastern Europe segment includes our broadband communications operating segments in the Czech Republic, Hungary, Poland, Romania and Slovakia. VTR provides broadband communications services in Chile. UPC Europe's central and other category includes (i) the UPC DTH operating segment, (ii) costs associated with certain centralized functions, including billing systems, network operations, technology, marketing, facilities, finance and other administrative functions, and (iii) intersegment eliminations within UPC Europe.

The tables presented below in this section provide a separate analysis of each of the line items that comprise operating cash flow (revenue, operating expenses and SG&A expenses, excluding allocable stock-based compensation expense, as further discussed in note 13 to our condensed consolidated financial statements) as well as an analysis of operating cash flow by reportable segment for the three months ended March 31, 2012 and 2011. These tables present (i) the amounts reported by each of our reportable segments for the comparative periods, (ii) the euro change and percentage change from period to period and (iii) the organic percentage change from period to period (percentage change after removing FX and the estimated impacts of acquisitions). The comparisons that exclude FX assume that exchange rates remained constant at the prior year rate during the comparative periods that are included in each table. We also provide a table showing the operating cash flow margins of our reportable segments for the three months ended March 31, 2012 and 2011 at the end of this section.

The revenue of our reportable segments includes revenue earned from subscribers for ongoing services, revenue earned from B2B services, interconnect fees, channel carriage fees, installation fees, mobile telephony revenue, late fees and advertising revenue. Consistent with the presentation of our revenue categories in note 13 to our condensed consolidated financial statements, we use the term “subscription revenue” in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile telephony revenue.

The rates charged for certain video services offered by our broadband communications operations in some European countries and in Chile are subject to oversight and control, either before or after the fact, based on competition law or general pricing regulations. Additionally, in Europe, our ability to bundle or discount our services may be constrained if we are held to be dominant with respect to any product we offer. The amounts we charge and incur with respect to telephony interconnection fees are also subject to regulatory oversight in many of our markets. Adverse outcomes from rate regulation or other regulatory initiatives could have a significant negative impact on our ability to maintain or increase our revenue. For information concerning the potential impact of adverse regulatory developments in the Netherlands see note 12 to our condensed consolidated financial statements.

Most of our revenue is derived from jurisdictions that administer value-added or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and corresponding declines in our operating cash flow and operating cash flow margins to the extent of any such tax increases. In this regard, value-added tax rates (i) increased effective January 1, 2012 in Ireland and Hungary and (ii) are scheduled to increase effective October 1, 2012 in the Netherlands. In addition, during the fourth quarter of 2010, the Hungarian government imposed a revenue-based tax on telecommunications operators (the 2010 Hungarian Telecom Tax) that is applicable to our broadband communications operations in Hungary, with retroactive effect to the beginning of 2010. The 2010 Hungarian Telecom Tax is currently scheduled to expire at the end of 2012. The EU Commission initiated an investigation in March 2011 and, on September 29, 2011, the EU Commission requested that Hungary abolish the 2010 Hungarian Telecom Tax on the grounds that it is illegal under EU rules. On March 22, 2012, the EU Commission announced its decision to refer the matter to the EU's Court of Justice, as Hungary continues to impose the 2010 Hungarian Telecom Tax in violation of EU rules. The ultimate resolution of this matter may take several years, and no assurance can be given as to the outcome. Until such time as this matter is resolved, we will continue to accrue and pay the 2010 Hungarian Telecom Tax during the periods in which it is in effect. Through March 31, 2012, we have incurred total inception-to-date operating expenses of HUF 7.8 billion (€26.3 million) as a result of the 2010 Hungarian Telecom Tax.

On May 18, 2012, the Parliament of Hungary adopted an act imposing a new usage-based telecommunication tax (the 2012 Hungarian Telecom Tax) on service providers for fixed and mobile voice and mobile texting services, effective from July 1, 2012 for an indefinite period of time. The 2012 Hungarian Telecom Tax, which is payable by the telecommunications service providers, is subject to formal execution and publication of the act adopted by the Parliament. Although the 2012 Hungarian Telecom Tax will result in higher costs for our broadband communications operations in Hungary, we do not expect the impact of this new tax to be material in relationship to our results of operations or cash flows. The existing 2010 Hungarian Telecom Tax remains in effect through December 31, 2012.

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

Revenue of our Reportable Segments

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)
	2012	2011	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 236.9	€ 226.8	€ 10.1	4.5	4.5
Switzerland	240.5	219.1	21.4	9.8	2.7
Other Western Europe	159.8	158.3	1.5	0.9	0.9
Total Western Europe	637.2	604.2	33.0	5.5	2.9
Central and Eastern Europe	214.2	193.8	20.4	10.5	0.4
Central and other	21.8	22.0	(0.2)	(0.9)	(0.6)
Total UPC Europe	873.2	820.0	53.2	6.5	2.2
VTR (Chile)	171.3	156.5	14.8	9.5	6.5
Total	€ 1,044.5	€ 976.5	€ 68.0	7.0	2.9

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

The Netherlands. The Netherlands' revenue increased €10.1 million or 4.5% during the three months ended March 31, 2012, as compared to the corresponding period in 2011, as set forth below:

	Subscription revenue	Non-subscription revenue	Total
		in millions	
Increase in subscription revenue due to change in:			
Average number of RGUs (a)	€ 8.9	€ —	€ 8.9
ARPU (b)	1.5	—	1.5
Decrease in non-subscription revenue (c)	—	(0.3)	(0.3)
Total	€ 10.4	€ (0.3)	€ 10.1

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(a) The increase in the Netherlands' subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of telephony, digital cable and broadband internet RGUs that were only partially offset by a decline in the average number of analog cable RGUs. The decline in the Netherlands' average number of analog cable RGUs led to a decline in the average number of total video RGUs in the Netherlands during the three months ended March 31, 2012, as compared to the corresponding period in 2011.

(b) The increase in the Netherlands' subscription revenue related to a change in ARPU is due to an improvement in RGU mix, attributable to higher proportions of digital cable, broadband internet and telephony RGUs, that was only partially offset by a net decrease resulting primarily from the following factors: (i) lower ARPU due to discounts given to subscribers during promotional periods, (ii) lower ARPU due to a decrease in telephony call volume, including the impact of a higher proportion of customers selecting usage-based calling plans, (iii) lower ARPU due to an increase in the proportion of customers selecting lower-priced tiers of broadband internet service and (iv) higher ARPU due to January 2012 price increases for certain video services.

(c) The decrease in the Netherlands' non-subscription revenue is attributable to the net impact of (i) a decrease in installation revenue and (ii) a net increase resulting from individually insignificant changes in other non-subscription revenue categories.

For information concerning certain regulatory developments that could have an adverse impact on our revenue in the Netherlands, see note 12 to our condensed consolidated financial statements.

Switzerland. The increase in Switzerland's revenue during the three months ended March 31, 2012, as compared to the corresponding period in 2011, includes (i) an organic increase of €6.0 million or 2.7%, (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 in subscription revenue due to change in:			
Average number of RGUs (a)	€ 4.1	€ —	€ 4.1
ARPU (b)	1.3	—	1.3
Increase in non-subscription revenue (c)	—	0.6	0.6
Organic increase	5.4	0.6	6.0
Impact of an acquisition	0.5	—	0.5
Impact of FX	12.7	2.2	14.9
Total	€ 18.6	€ 2.8	€ 21.4

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(a) The increase in Switzerland's subscription revenue related to a change in Switzerland's average number of RGUs is attributable to increases in the average numbers of digital cable, broadband internet and telephony RGUs that were only partially offset by a decrease in the average number of analog cable RGUs. The decline in the average number of Switzerland's analog cable RGUs led to a decline in the average number of total video RGUs in Switzerland during the three months ended March 31, 2012, as compared to the corresponding period in 2011.

(b) The increase in Switzerland's subscription revenue related to a change in ARPU is due to an improvement in RGU mix, attributable to higher proportions of digital cable, broadband internet and telephony RGUs, that was only partially offset by a net decrease resulting primarily from the following factors: (i) lower ARPU due to a decrease in telephony call volume for customers on usage-based calling plans and (ii) higher ARPU from digital cable services.

(c) The increase in Switzerland's non-subscription revenue is primarily attributable to an increase in installation revenue.

Other Western Europe. Other Western Europe's revenue increased €1.5 million or 0.9% during the three months ended March 31, 2012, as compared to the corresponding period in 2011, as set forth below:

	Subscription revenue	Non-subscription revenue	Total
		in millions	
Increase (decrease) in subscription revenue due to change in:			
Average number of RGUs (a)	€ 9.4	€ —	€ 9.4
ARPU (b)	(6.4)	—	(6.4)
Decrease in non-subscription revenue (c)	—	(1.5)	(1.5)
Total	€ 3.0	€ (1.5)	€ 1.5

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(a) The increase in Other Western Europe's subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of telephony, broadband internet and digital cable RGUs in each of Ireland and Austria that were only partially offset by decreases in the average number of analog cable RGUs in each of Ireland and Austria and, to a lesser extent, MMDS video RGUs in Ireland. The declines in the average numbers of analog cable and MMDS video RGUs led to declines in the average number of total video RGUs in both Ireland and Austria during the three months ended March 31, 2012, as compared to the corresponding period in 2011.

(b) The decrease in Other Western Europe's subscription revenue related to a change in ARPU is primarily attributable to decreases in ARPU in each of Ireland and Austria. The decrease in Ireland's ARPU is primarily due to (i) lower ARPU from digital cable services and (ii) lower ARPU due to a decrease in telephony call volume for customers on usage-based calling plans. The decrease in Austria's ARPU is primarily due to the net effect of (i) lower ARPU due to a decrease in telephony call volume for customers on usage-based calling plans, (ii) lower ARPU due to a higher proportion of customers selecting lower-priced tiers of broadband internet services and (iii) higher ARPU due to the third quarter 2011 implementation of an additional charge for broadband internet services. In addition, Other Western Europe's overall ARPU was impacted by adverse changes in RGU mix, primarily in Ireland.

(c) The decrease in Other Western Europe's non-subscription revenue is due primarily to a decrease in revenue from Austria's B2B telephony and broadband internet services.

Central and Eastern Europe. The increase in Central and Eastern Europe's revenue during the three months ended March 31, 2012, as compared to the corresponding period in 2011, includes (i) an organic increase of €0.8 million or 0.4%, (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 subscription revenue due to change in:			
Average number of RGUs (a)	€ 6.1	€ —	€ 6.1
ARPU (b)	(5.5)	—	(5.5)
Increase in non-subscription revenue (c)	—	0.2	0.2
Organic increase	0.6	0.2	0.8
Impact of acquisitions	26.7	5.2	31.9
Impact of FX	(11.7)	(0.6)	(12.3)
Total	€ 15.6	€ 4.8	€ 20.4

(a) The increase in Central and Eastern Europe's subscription revenue related to a change in the average number of RGUs is primarily attributable to increases in the average numbers of digital cable (primarily in Poland and Romania), telephony (primarily in Poland and Romania) and broadband internet RGUs (primarily in Poland, Romania and Hungary), that were only partially offset by declines in the average numbers of analog cable and, to a much lesser extent, MMDS video RGUs. In each country within our Central and Eastern Europe segment, declines in the average number of analog cable RGUs led to declines in the average number of total video RGUs during the three months ended March 31, 2012, as compared to the corresponding period in 2011.

(b) The decrease in Central and Eastern Europe's subscription revenue related to a change in ARPU is primarily due to (i) lower ARPU due to increases in the proportions of video, broadband internet and telephony subscribers selecting lower-priced tiers of services and (ii) lower ARPU due to a decrease in telephony call volume for customers on usage-based calling plans. The impacts of these negative factors were partially offset by an improvement in Central and Eastern Europe's RGU mix, attributable to higher proportions of digital cable, broadband internet and telephony RGUs.

(c) The increase in Central and Eastern Europe's non-subscription revenue is attributable to the net impact of various individually insignificant changes.

VTR (Chile). The increase in VTR's revenue during the three months ended March 31, 2012, as compared to the corresponding period in 2011, includes (i) an organic increase of €10.2 million or 6.5% and (ii) the impact of FX, as set forth below:

	Subscription revenue	Non-subscription revenue	Total
		in millions	
Increase in subscription revenue due to change in:			
Average number of RGUs (a)	€ 7.7	€ —	€ 7.7
ARPU (b)	2.6	—	2.6
Decrease in non-subscription revenue (c)	—	(0.1)	(0.1)
Organic increase (decrease)	10.3	(0.1)	10.2
Impact of FX	4.2	0.4	4.6
Total	€ 14.5	€ 0.3	€ 14.8

(a) The increase in VTR's subscription revenue related to a change in the average number of RGUs is primarily due to increases in the average numbers of digital cable, broadband internet and telephony RGUs that were only partially offset by a decline in the average number of analog cable RGUs.

(b) The increase in VTR's subscription revenue related to a change in ARPU is primarily due to (i) higher ARPU due to inflation and other price adjustments for video, broadband internet and telephony services, (ii) higher ARPU from digital cable services and (iii) lower ARPU from broadband internet services. In addition, the net effect of (a) lower call volume for customers on usage-based plans and (b) the positive impact of customers moving from usage-based to fixed-rate calling plans had a slightly adverse impact on ARPU from telephony services. VTR's overall ARPU was also positively impacted by an improvement in RGU mix, primarily attributable to a higher proportion of digital cable RGUs.

(c) The decline in VTR's non-subscription revenue is attributable to the net impact of various individually insignificant changes.

Operating Expenses of our Reportable Segments

	Three months ended March 31, 2012	2011	Increase (decrease) €	%	Organic increase (decrease) %
		in millions			
UPC Europe:					
The Netherlands	€ 71.1	€ 70.2	€ 0.9	1.3	1.3
Switzerland	69.4	64.9	4.5	6.9	0.3
Other Western Europe	63.7	63.3	0.4	0.6	0.6
Total Western Europe	204.2	198.4	5.8	2.9	0.8
Central and Eastern Europe	82.8	77.2	5.6	7.3	(1.7)
Central and other	19.8	19.5	0.3	1.5	2.3
Total UPC Europe	306.8	295.1	11.7	4.0	0.2
VTR (Chile)	70.7	64.6	6.1	9.4	6.6
Total operating expenses excluding stock-based compensation expense	377.5	359.7	17.8	4.9	1.4
Stock-based compensation expense	0.2	0.3	(0.1)	(33.3)	
Total	€ 377.7	€ 360.0	€ 17.7	4.9	

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

UPC Europe. UPC Europe's operating expenses (exclusive of stock-based compensation expense) increased €11.7 million or 4.0% during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This increase includes €11.8 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, UPC Europe's operating expenses increased €0.6 million or 0.2%. This increase includes the following factors:

- An increase in programming and related costs of €5.0 million or 5.5%, due primarily to growth in digital video services, predominantly in Poland, Switzerland and the Netherlands;
- A decrease of €3.4 million resulting from the impact of several nonrecurring items recorded in the Netherlands during the 2012 and 2011 periods, including items related to the settlement of certain operational contingencies;
- An increase in personnel costs of €2.3 million or 4.3%, due primarily to (i) increased staffing levels in UPC Europe's central operations and the Netherlands and (ii) annual wage increases;
- An increase in outsourced labor and professional fees of €1.3 million or 5.4%, due primarily to increased call center costs attributable to higher call volumes in the Netherlands; and
- A net decrease resulting from individually insignificant changes in other operating expense categories.

VTR (Chile). VTR's operating expenses (exclusive of stock-based compensation expense) increased €6.1 million or 9.4% during the three months ended March 31, 2012 as compared to the corresponding period in 2011. Excluding the effects of FX, VTR's operating expenses increased €4.3 million or 6.6%. This increase includes the following factors:

- An increase in programming and related costs of €4.0 million or 18.2%, primarily associated with growth in digital cable services; and

- An increase in interconnect and access costs of €0.9 million or 8.8%, due primarily to growth in broadband internet traffic, partially offset by lower average rates.

SG&A Expenses of our Reportable Segments

	Three months ended March 31,			Increase (decrease)		Organic increase (decrease)
	2012	2011		€	%	%
		in millions				
UPC Europe:						
The Netherlands	€ 26.5	€ 24.5		€ 2.0	8.2	8.2
Switzerland	35.2	32.3		2.9	9.0	1.7
Other Western Europe	21.8	22.1		(0.3)	(1.4)	(1.4)
Total Western Europe	83.5	78.9		4.6	5.8	2.8
Central and Eastern Europe	26.5	23.6		2.9	12.3	5.1
Central and other	29.3	26.4		2.9	11.0	11.0
Total UPC Europe	139.3	128.9		10.4	8.1	4.9
VTR (Chile)	30.7	26.1		4.6	17.6	14.5
Total SG&A expenses excluding stock-based compensation expense	170.0	155.0		15.0	9.7	6.5
Stock-based compensation expense	4.1	3.0		1.1	36.7	
Total	€ 174.1	€ 158.0		€ 16.1	10.2	

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

UPC Europe. UPC Europe's SG&A expenses (exclusive of stock-based compensation expense) increased €10.4 million or 8.1% during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This increase includes €3.3 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, UPC Europe's SG&A expenses increased €6.4 million or 4.9%. This increase includes the following factors:

- An increase in personnel costs of €2.9 million or 4.9%, due primarily to (i) increased marketing staffing levels, primarily in Switzerland and the Netherlands, and increased administrative staffing levels, primarily in UPC Europe's central operations, and (ii) annual wage increases;

- An increase in sales and marketing costs of €1.3 million or 3.7%, primarily due to higher sales commissions in the Netherlands; and

- A net increase resulting from individually insignificant changes in other SG&A expense categories.

VTR (Chile). VTR's SG&A expenses (exclusive of stock-based compensation expense) increased €4.6 million or 17.6%, during the three months ended March 31, 2012, as compared to the corresponding period in 2011. Excluding the effects of FX, VTR's SG&A expenses increased €3.8 million or 14.5%. This increase includes the following factors:

- An increase in sales and marketing costs of €1.4 million or 13.8%, due primarily to higher sales commissions;
- An increase in facilities expenses of €1.0 million, due primarily to the rental of retail, office and other related expenses; and
- A net increase resulting from individually insignificant changes in other SG&A expense categories.

Operating Cash Flow of our Reportable Segments

Operating cash flow is the primary measure used by our chief operating decision maker to evaluate segment operating performance. As we use the term, operating cash flow is defined as revenue less operating and SG&A expenses (excluding stock-based compensation, related-party fees and allocations, depreciation and amortization, and impairment, restructuring and other operating charges or credits). For additional information concerning this performance measure and for a reconciliation of total segment operating cash flow to our earnings (loss) before income taxes, see note 13 to our condensed consolidated financial statements.

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)
	2012	2011	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 139.3	€ 132.1	€ 7.2	5.5	5.5
Switzerland	135.9	121.9	14.0	11.5	4.3
Other Western Europe	74.3	72.9	1.4	1.9	1.9
Total Western Europe	349.5	326.9	22.6	6.9	4.2
Central and Eastern Europe	104.9	93.0	11.9	12.8	1.1
Central and other	(27.3)	(23.9)	(3.4)	(14.2)	(14.7)
Total UPC Europe	427.1	396.0	31.1	7.9	2.9
VTR (Chile)	69.9	65.8	4.1	6.2	3.2
Total	€ 497.0	€ 461.8	€ 35.2	7.6	2.9

Operating Cash Flow Margin

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

	Three months ended March 31,	
	2012	**2011**
	%	
UPC Europe:		
The Netherlands	58.8	58.2
Switzerland	56.5	55.6
Other Western Europe	46.5	46.1
Total Western Europe	54.8	54.1
Central and Eastern Europe	49.0	48.0
Total UPC Europe, including central and other	48.9	48.3
VTR (Chile)	40.8	42.0

The operating cash flow margin of UPC Europe increased during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This increase is primarily attributable to improved operational leverage as all of UPC Europe's reportable segments experienced margin increases. In the case of Chile, the margin decrease resulted primarily from an increase in programming expenses and sales commissions.

For additional discussion of the factors contributing to the changes in the operating cash flow margins of our reportable segments, see the above analyses of the revenue, operating expenses and SG&A expenses of our reportable segments.

Discussion and Analysis of our Consolidated Operating Results

General

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

Revenue

Our revenue by major category is set forth below:

	Three months ended March 31,		Increase		Organic increase (decrease)
	2012	2011 (a)	€	%	%
	in millions				
Subscription revenue (b):					
Video	€ 509.6	€ 486.2	€ 23.4	4.8	0.7
Broadband internet	273.8	246.9	26.9	10.9	7.2
Telephony	152.6	140.8	11.8	8.4	6.0
Total subscription revenue	936.0	873.9	62.1	7.1	3.4
Non-subscription revenue (c)	108.5	102.6	5.9	5.8	(1.1)
Total	€ 1,044.5	€ 976.5	€ 68.0	7.0	2.9

(a) Effective January 1, 2012, we began including the monthly revenue derived from certain SOHO subscribers in our subscription revenue. SOHO subscribers receive video programming, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. Prior period amounts have been conformed to the current presentation by reclassifying the corresponding SOHO revenue from non-subscription revenue to subscription revenue.

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

(c) Non-subscription revenue includes B2B, interconnect and installation revenue.

Total revenue. Our consolidated revenue increased €68.0 million during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This increase includes €32.4 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, total consolidated revenue increased €28.5 million or 2.9%.

Subscription revenue. The details of the increase (decrease) in our consolidated subscription revenue for three months ended March 31, 2012, as compared to the corresponding period in 2011, is as follows (in millions):

Increase (decrease) due to change in:		
Average number of RGUs	€	39.2
ARPU		(9.6)
Organic increase		29.6
Impact of acquisitions		27.2
Impact of FX		5.3
Total increase in subscription revenue	€	62.1

Excluding the effects of acquisitions and FX, our consolidated subscription revenue increased €29.6 million or 3.4% during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This increase is attributable to (i) an increase in subscription revenue from broadband internet services of €17.7 million or 7.2%, as the impact of an increase in the average number of broadband internet RGUs was only partially offset by lower ARPU from broadband internet services, (ii) an increase in subscription revenue from telephony services of €8.5 million or 6.0%, as the impact of an increase in the average number of telephony RGUs was only partially offset by lower ARPU from telephony services and (iii) an increase in subscription revenue from video services of €3.4 million or 0.7%, as the impact of higher ARPU from video services was only partially offset by a decline in the average number of video RGUs.

Non-subscription revenue. Excluding the effects of acquisitions and FX, our consolidated non-subscription revenue decreased €1.1 million or 1.1% during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This decrease is primarily attributable to a decrease in installation revenue that was only partially offset by an increase in revenue from late fees.

For additional information concerning the changes in our subscription and non-subscription revenue, see *Discussion and Analysis of 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.

Operating expenses

Our operating expenses increased €17.7 million during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This increase includes €11.8 million attributable to the impact of acquisitions. Our operating expenses include stock-based compensation expense, which decreased €0.1 million during the three months ended March 31, 2012. For additional information, see the discussion following *SG&A expenses* below. Excluding the effects of acquisitions, FX and stock-based compensation expense, our operating expenses increased €4.9 million or 1.4% during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This increase primarily reflects (i) a net increase in programming and other direct costs and (ii) a decrease of €3.4 million resulting from the impact of several nonrecurring items recorded in the Netherlands during the 2012 and 2011 periods. For additional information regarding the changes in our operating expenses, see *Operating Expenses of our Reportable Segments* above.

SG&A expenses

Our SG&A expenses increased €16.1 million during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This increase includes €3.3 million attributable to the impact of acquisitions. Our SG&A expenses include stock-based compensation expense, which increased €1.1 million during the three months ended March 31, 2012. For additional information, see the discussion in the following paragraph. Excluding the effects of acquisitions, FX and stock-based compensation expense, our SG&A expenses increased €10.2 million or 6.5% during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This increase largely reflects (i) a net increase in personnel costs, (ii) a net increase in sales and marketing costs and (iii) less significant net increases in other SG&A expense categories. For additional information regarding the changes in our SG&A expenses, see *SG&A Expenses of our Reportable Segments* above.

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

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

	Three months ended March 31, 2012	Three months ended March 31, 2011
	in millions	
LGI common stock:		
LGI performance-based incentive awards (a)	€ 1.8	€ 1.1
Other LGI stock-based incentive awards	1.9	2.0
Total LGI common stock	3.7	3.1
Other (b)	0.6	0.2
Total	€ 4.3	€ 3.3
Included in:		
Operating expense	€ 0.2	€ 0.3
SG&A expense	4.1	3.0
Total	€ 4.3	€ 3.3

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(a) Includes stock-based compensation expense related to LGI PSUs and, during the 2011 period, the LGI Performance Plans.

(b) Includes €0.5 million of stock-based compensation expense for the three months ended March 31, 2012 related to performance-based awards granted pursuant to a liability-based plan in which VTR employees participate. These awards were granted during the first quarter of 2012 and, subject to the achievement of the minimum performance criteria, 50% to 150% of these awards will vest on December 31, 2013 based on the level of the specified performance criteria that is achieved through 2012.

For additional information concerning our stock-based compensation, see note 10 to our condensed consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased €17.0 million during the three months ended March 31, 2012, as compared to the corresponding period in 2011. Excluding the effects of FX, depreciation and amortization expense increased €16.1 million or 6.7% due primarily to the net effect of (i) an increase associated with capital expenditures 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, Chile and the Netherlands, and (iii) an increase associated with acquisitions.

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

We recognized impairment, restructuring and other operating charges (credits), net, of (€0.7 million) during the three months ended March 31, 2012, as compared to €2.3 million during the corresponding period in 2011.

In the case of certain of our smaller reporting units, including our broadband communications operations in Hungary and the Czech Republic, a hypothetical 20% to 30% decline in the fair value of any of these reporting units could result in the need to record a goodwill impairment charge. At March 31, 2012, the goodwill associated with these reporting units aggregated

€610.5 million. If, among other factors, (i) LGI'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.

Interest expense - third-party

Our third-party interest expense increased €27.7 million or 23.4% during the three months ended March 31, 2012, as compared to the corresponding period in 2011. This increase is primarily attributable to higher average outstanding debt balances and, to a lesser extent, higher weighted average interest rates. The increase in our weighted average interest rate is primarily related to the completion of refinancing transactions that generally resulted in extended maturities and higher interest rates. For additional information regarding our outstanding indebtedness, see note 7 to our condensed consolidated financial statements.

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

Interest expense - related-party

Our consolidated related-party interest expense primarily relates to the interest expense on our shareholder loan. Our total consolidated related-party interest expense increased €47.7 million during the three months ended March 31, 2012 as compared to corresponding period in 2011. This increase is primarily due to an increase in the weighted average interest rate on our shareholder loan from 7.75% during the 2011 period to 9.79% during the 2012 period. For additional information, see note 7 to our condensed consolidated financial statements.

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

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

	Three months ended March 31, 2012	Three months ended March 31, 2011
	in millions	
Cross-currency and interest rate derivative contracts (a)	€ (302.3)	€ 44.1
Foreign currency forward contracts	(8.5)	(3.7)
Embedded derivatives	1.9	0.4
Total	€ (308.9)	€ 40.8

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(a) The loss during the 2012 period is primarily attributable to the net effect of (i) losses associated with increases in the value of the Polish zloty, Hungarian forint, Swiss franc, Chilean peso and Czech koruna relative to the euro, (ii) losses associated with increases in the value of the Chilean peso and Swiss franc relative to the U.S. dollar, (iii) losses associated with decreases in market interest rates in the euro, Hungarian forint and Swiss franc markets, (iv) a loss associated with a decrease in the value of the U.S. dollar relative to the euro and (v) a gain associated with increases in market interest rates in the Chilean peso market. In addition, the loss during the 2012 period includes a net loss of €12.5 million, resulting from changes in our credit risk valuation adjustments. The gain during the 2011 period primarily is attributable to the net effect of (i) gains associated with decreases in the values of the Swiss franc, Chilean peso and Polish zloty relative to the euro, (ii) gains associated with increases in market interest rates in the Swiss franc, euro, Romanian lei and Chilean peso markets, (iii) a loss associated with a decrease in the value of the U.S. dollar relative to the euro, (iv) losses associated with increases in the values of the Romanian lei and Swiss franc relative to the U.S. dollar and (v) losses associated with increases in the values of the Hungarian forint and Czech koruna relative to the euro. In addition, the gain during 2011 includes a net loss of €18.6 million, resulting from changes in our credit risk valuation adjustments.

For additional information concerning our derivative instruments, see notes 4 and 5 to our 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,	
	2012	**2011**
	in millions	
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a)	€ 162.1	€ 3.7
U.S. dollar denominated debt issued by European subsidiaries	48.4	105.8
Cash and restricted cash denominated in a currency other than the entity's functional currency	3.0	(3.2)
Other	1.5	0.2
Total	€ 215.0	€ 106.5

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

Losses on debt modifications and extinguishments

We recognized losses on debt modifications and extinguishments, net, of €3.0 million and €11.3 million during the three months ended March 31, 2012 and 2011, respectively. The loss during the 2012 period includes (i) third-party costs of €1.5 million associated with the execution of Facility AE under the UPC Broadband Holding Bank Facility and (ii) the write-off of €1.5 million of deferred financing costs in connection with the prepayment of amounts outstanding under Facilities M, N and O under the UPC Broadband Holding Bank Facility. The loss during the 2011 period includes the write-off of €11.3 million of deferred financing costs and an unamortized discount in connection with the prepayment of amounts outstanding under Facilities M, P, T and U under the UPC Broadband Holding Bank Facility. For additional information, see note 7 to our condensed consolidated financial statements.

Income tax expense

We recognized income tax expense of €23.1 million and €19.6 million during the three months ended March 31, 2012 and 2011, respectively.

The income tax expense during the three months ended March 31, 2012 differs from the expected income tax benefit of €55.0 million (based on the Dutch 25.0% income tax rate) due primarily to the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of interest and other items and (ii) a net increase in valuation allowances.

The income tax expense during the three months ended March 31, 2011 differs from the expected income tax expense of €16.6 million (based on the Dutch 25.0% income tax rate) due primarily to the negative impacts of certain permanent differences between the financial and tax accounting treatment of interest and other items. These negative impacts were largely offset by the positive impacts of a net decrease in valuation allowances.

For additional information concerning our income taxes, see note 8 to our condensed consolidated financial statements.

Net earnings (loss)

During the three months ended March 31, 2012 and 2011, we reported net earnings (loss) of (€243.2 million) and €46.7 million, respectively, including (i) operating income of €237.1 million and €215.0 million, respectively, (ii) non-operating expense of €457.2 million and €148.7 million, respectively, and (iii) income tax expense of €23.1 million and €19.6 million, respectively.

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

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

Net earnings attributable to noncontrolling interests

Net earnings attributable to noncontrolling interests was €9.1 million during the three months ended March 31, 2012 as compared to €7.6 million during the corresponding period in 2011. This increase is primarily attributable to improvements in the result of operations of VTR.

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 have generated cash from operating activities, the terms of the instruments governing the indebtedness of UPC Broadband Holding may restrict our ability to access the assets of these subsidiaries. As set forth in the table below, these subsidiaries accounted for substantially all of our consolidated cash and cash equivalents at March 31, 2012. In addition, our ability to access the liquidity of these and other subsidiaries may be limited by tax considerations, the presence of noncontrolling interests and other factors.

Cash and cash equivalents

The details of the euro equivalent balances of our consolidated cash and cash equivalents at March 31, 2012 are set forth in the following table. With the exception of UPC Holding, which is reported on a standalone basis, the amounts presented below include the cash and cash equivalents of the named entity and its subsidiaries unless otherwise noted (in millions):

Cash and cash equivalents held by:		
UPC Holding	€	0.1
UPC Broadband Holding (excluding VTR)		41.1
VTR		42.5
Total cash and cash equivalents	€	83.7

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 LGI and other LGI subsidiaries).

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

Liquidity of Subsidiaries

The cash and cash equivalents of our significant subsidiaries are detailed in the table above. In addition to cash and cash equivalents, the primary sources of liquidity of our subsidiaries are cash provided by operations and, in the case of UPC Broadband Holding, borrowing availability under the UPC Broadband Holding Bank Facility. For the details of the borrowing availability under the UPC Broadband Holding Bank Facility at March 31, 2012, see note 7 to our condensed consolidated financial statements. Our subsidiaries' liquidity generally is used to fund capital expenditures and debt service requirements. From time to time, our subsidiaries may also require funding in connection with (i) acquisitions and other investment opportunities, (ii) loans to UPC Holding or other LGI subsidiaries and (iii) capital distributions to UPC Holding. No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all. For information concerning the Aster Acquisition, see note 2 to our condensed consolidated financial statements.

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

Capitalization

We seek to maintain our debt at levels that provide for attractive returns without assuming undue risk. In this regard, we strive to cause our operating subsidiaries to maintain their debt at levels that result in a consolidated debt balance that is between four and five times our consolidated operating cash flow. The ratio of our March 31, 2012 Senior Debt to annualized EBITDA (last two quarters annualized) for UPC Holding was 3.9x for the quarter ended March 31, 2012. In addition, the ratio of our March 31, 2012 Total Debt to our annualized EBITDA (last two quarters annualized) for the quarter ended March 31, 2012 was 4.7x, with each ratio defined and calculated in accordance with the UPC Broadband Holding Bank Facility.

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

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

At March 31, 2012, our outstanding consolidated third-party debt and capital lease obligations aggregated €8,952.1 million, including €83.6 million that is classified as current in our condensed consolidated balance sheet and €8,572.5 million that is due in 2016 or thereafter.

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 economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and accordingly, our future liquidity and financial position. However, (i) the financial failure of any of our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

With the exception of the UPC Holding Senior Notes, all of our consolidated third-party debt and capital lease obligations had been borrowed or incurred by our subsidiaries at March 31, 2012.

For additional information concerning our debt and capital lease obligations, see note 7 to our condensed consolidated financial statements.

Condensed Consolidated Cash Flow Statements

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

Summary. During the three months ended March 31, 2012, we used net cash provided by our operating activities of €229.5 million and €42.8 million of our existing cash and cash equivalents (excluding a €3.9 million increase due to FX) to fund net cash used by our investing activities of €212.9 million and net cash used by our financing activities of €63.3 million.

Operating Activities. Net cash provided by our operating activities increased €26.9 million, from €202.6 million during the first three months of 2011 to €229.5 million during the first three months of 2012. This increase in cash provided is primarily attributable to the net effect of (i) an increase in the cash provided by our operating cash flow and related working capital items, (ii) a decrease in cash provided due to higher cash payments for interest and (iii) an increase in the reported net cash provided by operating activities due to FX.

Investing Activities. Net cash used by our investing activities decreased €22.5 million, from €235.4 million during the first three months of 2011 to €212.9 million during the first three months of 2012. This decrease in cash used is primarily due to (i) a decrease in cash used associated with lower cash paid in connection with acquisitions of €12.8 million and (ii) a decrease in cash used associated with lower capital expenditures of €4.5 million. Capital expenditures decreased from €206.7 million during the first three months of 2011 to €202.2 million during the first three months of 2012, due to a net decrease in the local currency capital expenditures of our subsidiaries, including a decrease due to FX.

As further discussed and quantified below, the capital expenditures that we report in our condensed consolidated cash flow statements do not include (i) amounts that are financed under our vendor financing or capital lease arrangements or (ii) purchased assets transferred to our company by another entity under the common control of LGI in exchange for non-cash increases to our shareholder loan or other forms of non-cash consideration (non-cash intercompany capital additions). Our vendor financing arrangements are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and as repayments of debt when the principal is repaid. For additional information, see notes 6 and 7 to our condensed consolidated financial statements.

UPC Europe accounted for €164.6 million and €176.3 million of our consolidated capital expenditures during the three months ended March 31, 2012 and 2011, respectively. The UPC Europe capital expenditure amount for the three months ended March 31, 2012 excludes €5.0 million of capital additions that were financed under vendor financing or capital lease arrangements and €14.0 million of non-cash intercompany capital additions. The decrease in the capital expenditures of UPC Europe (excluding the impact of capital additions financed under vendor financing or capital lease arrangements) is due primarily to the net effect of (i) a decrease in expenditures for new build and upgrade projects to expand services, (ii) a decrease due to FX, (iii) a decrease in expenditures for support capital, such as information technology upgrades and general support systems and (iv) an increase in expenditures for the purchase and installation of customer premises equipment.

VTR accounted for €37.6 million and €30.4 million of our consolidated capital expenditures during the three months ended March 31, 2012 and 2011, respectively. The increase in the capital expenditures of VTR is due primarily to the net effect of (i) an increase in expenditures for new build and upgrade projects, (ii) a decrease in expenditures for the purchase and installation of customer premises equipment, (iii) an increase in expenditures for support capital, such as information technology upgrades and general support systems and (iv) a decrease due to FX.

Financing Activities. Net cash used by our financing activities was €63.3 million during the three months ended March 31, 2012, compared to net cash provided by our financing activities of €27.1 million during the first three months of 2011. This change is primarily attributable to the net effect of (i) a decrease in cash related to higher net repayments of third-party debt of €363.3 million, (ii) an increase in cash related to lower net repayments of related-party debt of €224.5 million and (iii) an increase in cash related to changes in cash collateral of €49.6 million.

Off Balance Sheet Arrangements

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

We are a party to various stockholder and similar agreements pursuant to which we could be required to make capital contributions to the entity in which we have invested or purchase another investor's interest. We do not expect any payments made under these provisions to be material in relation to our financial position or results of operations.

Contractual Commitments

As of March 31, 2012, the euro equivalents (based on March 31, 2012 exchange rates) of our consolidated contractual commitments of our continuing operations are as follows:

	Payments due during:							
	Remainder of 2012	Year ended December 31,						
		2013	2014	2015	2016	2017	Thereafter	Total
	in millions							
Debt (excluding interest):								
Third-party	€ 80.4	€ 0.8	€ —	€ 290.6	€ 1,699.6	€ 1,908.0	€ 5,000.7	€ 8,980.1
Related-party	—	—	—	—	—	—	8,635.1	8,635.1
Capital leases (excluding interest)	2.9	2.1	1.4	1.4	1.4	1.5	15.8	26.5
Operating leases	62.3	49.6	36.2	36.0	28.3	24.5	140.4	377.3
Programming obligations	76.9	29.9	25.3	24.0	23.3	23.1	—	202.5
Other commitments	161.8	50.2	34.7	35.0	20.5	18.6	38.2	359.0
Total (a)	€ 384.3	€ 132.6	€ 97.6	€ 387.0	€ 1,773.1	€ 1,975.7	€ 13,830.2	€18,580.5
Projected cash interest payments on debt and capital lease obligations (b)	€ 443.6	€ 556.3	€ 556.0	€ 560.1	€ 567.7	€ 490.6	€ 984.9	€ 4,159.2

(a) The commitments reflected in this table do not reflect any liabilities that are included in our March 31, 2012 balance sheet other than debt and capital lease obligations. Our liability for uncertain tax positions in the various jurisdictions in which we operate (€8.5 million at March 31, 2012) has been excluded from the table as the amount and timing of any related payments are not subject to reasonable estimation.

(b) Amounts are based on interest rates and contractual maturities in effect as of March 31, 2012. 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 agreements, deferred financing costs, discounts or commitment fees, all of which affect our overall cost of borrowing.

Programming commitments consist of obligations associated with certain of our programming, that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services and (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the three months ended March 31, 2012 and 2011, the programming and copyright costs incurred by our broadband communications and DTH operations aggregated €125.7 million and €115.3 million, respectively.

Other commitments relate primarily to (i) satellite commitments associated with satellite carriage services provided to our company, (ii) purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us and (iii) certain fixed minimum contractual commitments associated with our agreements with franchise or municipal authorities. Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments pursuant to which we expect to make payments in future periods. For information concerning projected cash flows associated with these derivative instruments, see *Projected Cash Flows Associated with Derivatives* below. For information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2012 and 2011, see note 4 to our condensed consolidated financial statements.

We also have commitments pursuant to agreements with, and obligations imposed by, franchise authorities and municipalities, which may include obligations in certain markets to move aerial cable to underground ducts or to upgrade, rebuild or extend portions of our broadband communication systems. Such amounts are not included in the above table because they are not fixed or determinable.

Projected Cash Flows Associated with Derivatives

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, 2012. 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, see note 4 to our condensed consolidated financial statements.

	Payments (receipts) due during:							
	Remainder of 2012	Year ended December 31,						
		2013	2014	2015	2016	2017	Thereafter	Total
	in millions							
Projected derivative cash payments (receipts), net:								
Interest-related (a)	€ 103.6	€ 342.6	€ 349.1	€ 84.5	€ 135.5	€ 17.0	€ (59.7)	€ 972.6
Principal-related (b)	61.5	—	352.8	21.2	143.5	2.4	29.6	611.0
Other	1.4	—	—	—	(0.6)	(1.2)	(12.6)	(13.0)
Total	€ 166.5	€ 342.6	€ 701.9	€ 105.7	€ 278.4	€ 18.2	€ (42.7)	€ 1,570.6

(a) Includes the cash flows of (i) our interest rate swap instruments and (ii) the interest-related cash flows of our cross-currency and cross-currency interest rate swap instruments.

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