Condensed Consolidated Interim Financial Statements
March 31, 2010

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CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2010	December 31, 2009
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 87.9	€ 185.0
Trade receivables, net	52.7	35.0
Notes receivable – related-party (note 9)	—	6.0
Derivative instruments (note 2)	2.5	—
Other current assets	21.7	15.3
Total current assets	164.8	241.3
Property and equipment, net (note 4)	918.9	932.6
Goodwill	580.5	580.5
Intangible assets subject to amortization, net	601.7	611.3
Deferred tax assets	47.0	33.9
Derivative instruments (note 2)	16.0	39.3
Other assets	24.6	23.9
Notes receivable – related-party (note 9)	1,114.7	—
Total noncurrent assets	3,303.4	2,221.6
Total assets	€ 3,468.2	€ 2,462.9

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

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued
(unaudited)

	March 31, 2010	December 31, 2009
	in millions	
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	€ 28.0	€ 29.2
Accrued liabilities	229.3	217.6
Deferred revenue and advance payments from subscribers and others (note 5)	147.2	69.2
Current tax liability	27.4	28.4
Current portion of debt and finance lease obligations (note 6)	84.5	35.0
Derivative instruments (note 2)	20.9	16.0
Total current liabilities	537.3	395.5
Long-term debt and finance lease obligations (note 6)	2,628.6	1,655.0
Deferred tax liabilities	65.7	81.5
Derivative instruments (note 2)	4.1	35.9
Other long-term liabilities	9.5	9.4
Total noncurrent liabilities	2,707.9	1,781.8
Total liabilities	3,245.2	2,177.3
Commitments and contingencies (note 7)		
Shareholder's equity:		
Share capital	12.7	12.7
Additional paid-in capital	439.4	432.1
Accumulated deficit	(229.2)	(159.2)
Total shareholder's equity	222.9	285.6
Total liabilities and shareholder's equity	€ 3,468.2	€ 2,462.9

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

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31,	
	2010	**2009**
	in millions	
Revenue	€ 231.0	€ 296.7
Operating costs and expenses:		
Operating (other than depreciation and amortization)	(74.4)	(140.4)
Selling, general and administrative (SG&A)	(35.4)	(35.5)
Stock-based compensation (note 9)	(7.3)	(0.5)
Related-party fees and allocations, net (note 9)	(5.8)	—
	(122.8)	(176.3)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	108.1	120.4
Depreciation and amortization	(70.4)	(69.2)
Interest income, related-party (note 9)	8.2	—
Interest income, third party	0.2	1.0
Interest expense	(36.8)	(33.8)
Foreign currency transaction losses, net	(9.2)	—
Losses on debt extinguishments (note 6)	(52.5)	—
Realized and unrealized gains (losses) on derivative instruments (note 2)	(44.6)	0.5
Net financial result	(134.7)	(32.3)
Profit (loss) before income taxes	(97.0)	18.9
Income tax benefit (expense) (note 8)	27.0	(6.5)
Net profit (loss)	€ (70.0)	€ 12.4
Operating costs and expenses by nature:		
Direct costs (interconnect, programming and other)	€ (23.7)	€ (87.7)
Staff related costs	(28.3)	(25.4)
Network operating and technical service costs	(25.7)	(27.9)
Sales and marketing costs	(15.2)	(16.4)
Indirect costs – other	(16.9)	(18.5)
	€ (109.8)	€ (175.9)

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

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three months ended March 31,	
	2010	2009
	in millions	
Net profit (loss)	€ (70.0)	€ 12.4
Other comprehensive loss, net of taxes:		
Fair value gains from available-for-sale financial assets	—	0.2
Cash flow hedges	—	(12.5)
Other comprehensive loss	—	(12.3)
Comprehensive income (loss)	€ (70.0)	€ 0.1

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

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(unaudited)

	Attributable to equity holders of Unitymedia GmbH					
	Subscribed capital	Capital reserve	Cash-flow hedge reserve	Available-for-sale assets reserve	Retained earnings	Total shareholder's equity
	in millions					
Balance at January 1, 2009	€ 12.7	€ 427.1	€ (6.5)	€ —	€ (110.9)	€ 322.4
Net profit	—	—	—	—	12.4	12.4
Other comprehensive income, net of taxes	—	—	(12.5)	0.2	—	(12.3)
Stock-based compensation,	—	0.5	—	—	—	0.5
Balance at March 31, 2009	€ 12.7	€ 427.6	€ (19.0)	€ 0.2	€ (98.5)	€ 323.0
Net profit	—	—	—	—	64.3	64.3
Other comprehensive income, net of taxes	—	—	19.0	(0.2)	—	18.8
Related-party transactions	—	—	—	—	(125.0)	(125.0)
Stock-based compensation	—	4.5	—	—	—	4.5
Balance at December 31, 2009	€ 12.7	€ 432.1	€ —	€ —	€ (159.2)	€ 285.6
Net loss	—	—	—	—	(70.0)	(70.0)
Stock-based compensation	—	7.3	—	—	—	7.3
Balance at March 31, 2010	€ 12.7	€ 439.4	€ —	€ —	€ (229.2)	€ 222.9

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

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,	
	2010	2009
	in millions	
Cash flows from operating activities:		
Net profit (loss)	€ (70.0)	€ 12.4
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock-based compensation expense	7.3	0.5
Related-party fees and allocations, net	5.8	—
Depreciation and amortization	70.4	69.2
Amortization of deferred financing costs	1.8	1.4
Non-cash related-party interest income	(8.2)	(0.1)
Realized and unrealized losses (gains) on derivative instruments, net	44.6	(0.5)
Foreign currency transaction losses, net	9.2	—
Losses on debt extinguishments	52.5	—
Deferred tax expense (benefit)	(28.9)	1.6
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions:		
Changes in operating assets and liabilities related to interest and income taxes	(4.7)	(15.2)
Other changes in other operating assets and liabilities	44.2	54.7
Net cash provided by operating activities	124.0	124.0
Cash flows from investing activities:		
Capital expended for property and equipment	(49.3)	(61.1)
Cash paid in connection with acquisitions, net of cash acquired	—	(8.0)
Purchases of shares in Unitymedia S.C.A.	—	(3.7)
Net cash used by investing activities	(49.3)	(72.8)
Cash flows from financing activities:		
Repayments and repurchases of third-party debt and finance lease obligations	(197.6)	(0.2)
Revolver borrowings (repayments)	35.0	(30.0)
Net cash paid related to derivative instruments	(14.2)	—
Other financing activities, net	5.0	—
Net cash used by financing activities	(171.8)	(30.2)
Net increase (decrease) in cash and cash equivalents	(97.1)	21.0
Cash and cash equivalents:		
Beginning of period	185.0	214.9
End of period	€ 87.9	€ 235.9
Cash paid for interest (excluding payments related to derivative instruments)	€ 40.8	€ 50.7
Net cash paid for taxes	€ 3.5	€ 0.5

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

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2010
(unaudited)

(1) Basis of Presentation

Unitymedia GmbH (Unitymedia) is an indirect subsidiary of Liberty Global, Inc. (LGI). Unitymedia is the second largest cable operator in Germany operating in the German states of Hesse and North Rhine-Westphalia. Unitymedia provides analog and digital cable television, as well as internet and telephony services to its customers. In addition to this core business, Unitymedia's subsidiary arena operates a digital pay TV satellite platform, arenaSAT. In the following text, the terms "Unitymedia," "we," "our," "our company," and "us" may refer, as the context requires, to Unitymedia or collectively to Unitymedia and its subsidiaries.

On January 28, 2010, LGI acquired 100% of Unitymedia from Unitymedia S.C.A. (the LGI Transaction).

Our unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our 2009 annual financial statements, which were included in the Unitymedia 2009 Annual Report published on the investor relations section of the website: www.unitymedia.de.

In November 2009, UPC Germany GmbH (UPC Germany) issued the Senior Secured Notes and Senior Notes, each as defined in note 6. The Senior Secured Notes and Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on the Euro MTF Market, which is not a regulated market (as defined by Article 1(13) of Directive 93/22/EEC). UPC Germany is our immediate parent and another indirect subsidiary of LGI. As further described in note 6, the Senior Secured Notes and Senior Notes were pushed down from UPC Germany to Unitymedia and certain of our operating subsidiaries on March 2, 2010.

The functional currency of Unitymedia's financial statements is the euro. Unless otherwise indicated, convenience translations into euros are calculated as of March 31, 2010. Certain amounts may not total due to rounding.

The accounting policies applied by Unitymedia in these condensed consolidated interim financial statements are consistent with those applied by Unitymedia in its consolidated financial statements as of and for the year ended December 31, 2009. Certain prior period amounts have been reclassified to conform to the current year presentation. The current year presentation includes changes made to conform to LGI's financial statement presentation, as appropriate.

The preparation of financial statements 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. Actual results could differ from those estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying Unitymedia's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2009.

These condensed consolidated interim financial statements were released for publication by the managing directors on May 27, 2010.

(2) Derivative Instruments

We have entered into certain derivative instruments to manage interest rate and foreign currency exposure with respect to the U.S. dollar. We applied hedge accounting to our cross currency and interest rate derivative agreements until November 2009, when the terms of the LGI Transaction and the related refinancing of our Old Indebtedness (as defined in note 6) were determined. Subsequent to November 2009, we have not applied hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments

since November 2009 are recorded in realized and unrealized gain (losses) on derivative instruments in our condensed consolidated statements of operations. The following table provides details of the fair values of our derivative instrument assets and liabilities:

	March 31, 2010			December 31, 2009 (b)		
	Current	Long-term	Total	Current	Long-term	Total
	in millions					
Assets:						
Cross-currency derivative contracts (a)	€ 2.5	€ 16.0	€ 18.5	€ —	€ —	€ —
Interest rate derivative contracts (a)	—	—	—	—	—	—
Embedded derivatives	—	—	—	—	39.3	39.3
Total	€ 2.5	€ 16.0	€ 18.5	€ —	€ 39.3	€ 39.3
Liabilities:						
Cross-currency derivative contracts (a)	€ —	€ —	€ —	€ 0.1	€ 26.0	€ 26.1
Interest rate derivative contracts (a)	20.9	4.1	25.0	15.9	9.9	25.8
Total	€ 20.9	€ 4.1	€ 25.0	€ 16.0	€ 35.9	€ 51.9

(a) As of March 31, 2010, the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €0.7 million and the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €0.1 million. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our subsidiaries' debt instruments, as applicable. Based on our evaluation of market conditions and recent transactions, we may determine that interest rate spreads obtained from market quotations for our debt instruments require adjustment in order to estimate credit spreads. These adjustments are intended to remove the impacts of estimated liquidity spreads and other factors, such as distressed sales, that cause market quotations to not be reflective of fair values. For further information concerning our fair value measurements, see note 3.

(b) Prior period amounts have been reclassified to conform to the current year presentation.

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

	Three months ended March 31,	
	2010	2009
	in millions	
Cross-currency derivative contracts	€ (0.8)	€ —
Interest rate derivative contracts	(4.5)	—
Embedded derivatives	(39.3)	0.5
Total	€ (44.6)	€ 0.5

The net cash paid related to our derivative instruments is classified as an operating activity or financing activity in our condensed consolidated statements of cash flows based on the classification of the applicable underlying cash flows. The classifications of these cash flows are as follows:

	Three months ended March 31,	
	2010	2009
	in millions	
Operating activities	€ 10.0	€ 2.4
Financing activities	14.2	—
Total	€ 24.2	€ 2.4

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

In conjunction with the refinancing of our existing indebtedness and the debt push-down as further described in note 6, we entered into new cross-currency swap contracts. The terms of our outstanding cross-currency swap contracts at March 31, 2010 are as follows:

	Notional amount due from counterparty	Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
December 2017	$ 845.0	€ 569.4	8.13%	8.49%

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at March 31, 2010 are as follows:

	Notional amount in millions	Interest rate due from counterparty	Interest rate due to counterparty
April 2011	€ 800.0	3 mo. EURIBOR	3.35 %

(3) Fair Value Measurements

We use the fair value method to account for certain financial instruments. The reported fair values of these assets and liabilities as of March 31, 2010 likely will not represent the value that will be realized upon the ultimate settlement or disposition of these assets and liabilities. In the case of our cross-currency interest rate swaps and our interest rate swaps, we expect that the values realized 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.

We disclose fair value measurements according to 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.

As of March, 31, 2010, Unitymedia has no financial assets that are measured at fair value and included in level 1 or level 3. The derivative financial instruments are measured at fair value as the present value of the estimated future cash flows based on observable yield curves and are included in level 2. As further described in note 2, we

have entered into derivative instruments to manage our interest rate and foreign currency exchange risk. The fair value measurements of these derivative instruments are determined using discounted cash flow models. All but one of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes interest rates, swap rates and yield curves, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads are Level 3 inputs that are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we believe that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 2.

(4) 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, 2010	December 31, 2009
	in millions	
Distribution systems	€ 2,309.9	€ 2,276.0
Support equipment, buildings and land	188.1	187.6
	2,498.0	2,463.6
Accumulated depreciation	(1,579.1)	(1,531.0)
Total property and equipment, net	€ 918.9	€ 932.6

(5) Deferred revenue and advance payments from subscribers and others

Deferred income and advance payments from subscribers and others has increased from €69.2 million as of December 31, 2009 to €147.2 million as of March 31, 2010, mainly due to the receipt of annual prepayments from our cable customers.

(6) Debt and Finance Lease Obligations

On March 2, 2010, as part of the push-down of debt from UPC Germany to our company and certain of our operating subsidiaries, we redeemed our then existing indebtedness, which consisted of the following:

- €1,350.0 million senior secured floating rate notes due 2013 (the Old Floating Rate Notes), of which €1,024.0 million was outstanding;
- €235.0 million 10.125% senior notes due 2015 (the Old €235m Senior Notes) and payment of applicable call premium of €11.9 million;
- €215.0 million 8.75% senior notes due 2015 (the Old €215m Senior Notes, and together with the Old €235m Senior Notes, the Old Euro Senior Notes) and payment of applicable call premium of €9.4 million;
- $151.0 million (€111.6 million) 10.375% senior notes due 2015 (the Old Dollar Senior Notes, and together with the Old Euro Senior Notes, the Old Senior Notes) and payment of applicable call premium of $7.8 million (€5.8 million); and
- €100.0 million term loan facility (the Old Term Loan and together with the Old Senior Notes, the Old Indebtedness).

Also on March 2, 2010, (i) the obligations under UPC Germany's €1,430.0 million principal amount of 8.125% senior secured notes (the Euro Senior Secured Notes) and $845.0 million (€624.4 million) principal amount of 8.125% senior secured notes (the Dollar Senior Secured Notes and, together with the Euro Senior Secured Notes, the Senior Secured Notes) were assumed by our indirect subsidiaries Unitymedia Hessen GmbH & Co. KG (Unitymedia Hessen) and Unitymedia NRW GmbH (Unitymedia NRW), (ii) the obligations under UPC Germany's €665.0 million principal amount of 9.625% senior notes (the Senior Notes) were assumed by Unitymedia and (iii) the obligations under UPC Germany's €80.0 million secured revolving credit facility (the Revolving Credit Facility) were assumed by Unitymedia Hessen and Unitymedia NRW**.** Additionally, our existing undrawn €130.0 million revolving credit facility (the Old Revolving Credit Facility) was cancelled. Accrued interest on our existing indebtedness of €12.8 million in the aggregate was also paid. We used approximately €198.0 million of our then existing cash to repay a portion of the above-described existing indebtedness.

The details of our losses on debt extinguishments are as follows:

	Three months ended March 31, 2010
	in millions
Write-off of unamortized deferred financing costs	€ (25.4)
Call premiums due to premature redemption	(27.1)
Total	€ (52.5)

The components of our consolidated debt and finance lease obligations are as follows:

	Interest rate (a)	March 31, 2010 Borrowing currency	Euro equivalent	Unused borrowing capacity (b)	Fair value	Carrying value March 31, 2010	Dec. 31, 2009
		in millions					
Debt:							
Parent:							
Senior Notes due 2019	9.625 %	€ 665.0	€ 665.0	€ N/A	€ 702.7	€ 649.7	€ —
Subsidiaries:							
Revolving Credit Facility due 2014	4.171 %	€ 80.0	€ 80.0	€ 45.0	€ 34.1	35.0	
Euro Senior Secured Notes due 2017	8.125 %	€ 1,430.0	€ 1,430.0	€ N/A	€ 1,485.7	1,400.2	
Dollar Senior Secured Notes due 2017	8.125 %	$ 845.0	€ 624.4	€ N/A	€ 872.5	611.4	
Old Indebtedness						—	1,699.1
Transaction costs (c)						(70.0)	(46.7)
Accrued interest						83.8	34.4
Finance lease obligations						3.0	3.2
Total debt and finance lease obligations						2,713.1	1,690.0
Current maturities						(84.5)	(35.0)
Long-term debt and finance lease obligations						€ 2,628.6	€ 1,655.0

(a) Represents the nominal interest rate and does 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. For information concerning our derivative instruments, see note 2. With respect to the revolving credit facility, interest rate is shown as of March 31, 2010. The nominal interest rate for the facility amounts to Euribor + 375 basis points. Including the effects of derivative instruments, discounts and commitments fees, but excluding the impact of financing costs, our estimated weighted average interest rate on our aggregate fixed rate indebtedness was approximately 9.7% at March 31, 2010.

(b) Unused borrowing capacity represents the maximum availability under the applicable facility at March 31, 2010 without regard to covenant compliance calculations. At March 31, 2010, the full amount of unused borrowing capacity was available to be borrowed under the revolving credit facility.

(c) The carrying value of transaction costs as of December 31, 2009 also includes the foreign exchange revaluation of the Old Dollar Senior Notes.

(7) Commitments and Contingencies

Commitments

In the ordinary 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, purchases of customer premise equipment and other items. These include several long-term Term Sheets with Deutsche Telekom and its affiliates with respect to usage and access for underground cable ducts space, the use of fiber optic transmission systems, tower and facility space. In general, these agreements primarily impose fixed prices for a limited period of time, which may then be raised to reflect services requested additionally and increased costs, subject to index-linked limitations. Some agreements impose prices based on the cost to Deutsche Telekom of services that are passed through to us. In accordance with EU-IFRS, we treat these agreements as operating rather than finance leases or as other commitments, as applicable. We expect that in the ordinary course of business, operating leases that expire generally will be renewed or replaced by similar leases.

Details of our operating lease contracts and the respective significant leasing arrangements are as follows:

Lease	Terms	Terms of renewal	Purchase options	Contingent rent
Building	10 years	No	No	No
Dark fiber	1-20 years	3 months – 1 year	No	No
Colocation Area	1-14 years	1 month – 1 year	No	No
Cable ducts	2-30 years	1 – 5 years	No	No

Operating lease commitments (in millions)

Year ended December 31:	
Remainder of 2010	€ 48.6
2011	64.1
2012	59.5
2013	59.0
2014	59.0
2015	59.0
Thereafter	763.4
Total payments	€ 1,112.6

Other commitments (in millions)

Year ended December 31:	
Remainder of 2010	€ 26.2
2011	18.8
2012	8.9
2013	6.5
2014	2.3
2015	2.3
Thereafter	33.5
Total payments	€ 98.5

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. 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.

Other Contingencies

Unitymedia has contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. We expect that the amounts, if any, which may be required to satisfy these contingencies will not be material in relation to our financial position or results of operations.

(8) Income taxes

Income tax benefit (expense) attributable to our profit and loss before income taxes differs from the income tax benefit computed by applying the German income tax rate of 31.58% as a result of the following:

	Three months ended March 31,	
	2010	2009
	in millions	
Computed "expected" income tax benefit (expense)	€ 30.1	€ (6.0)
Non-deductible or non-taxable interest and other expenses	(2.7)	(2.2)
Change in valuation allowance	(0.7)	2.0
Other, net	0.3	(0.3)
	€ 27.0	€ (6.5)

(9) Related-Party Transactions

Our related-party transactions consist of the following:

	Three months ended March 31,	
	2010	2009
	in millions	
Stock-based compensation expense	€ (7.3)	€ (0.5)
Fees and allocations, net	(5.8)	—
Included in operating income	(13.1)	(0.5)
Interest income	8.2	—
Included in net profit or loss	€ (4.9)	€ (0.5)

Stock-based compensation expense. Our stock-based compensation expense relates to our previous shareholders, Unitymedia S.C.A. and Unitymedia S.A. Through January 28, 2010, the date of the LGI Transaction, certain members of our management and the board of directors of Unitymedia S.A. or their affiliated companies, respectively, held Class B ordinary stock (Class B Stock) in Unitymedia S.C.A. In addition, certain economically capped options were held by the Company's management board over securities of Unitymedia S.C.A. and Unitymedia S.A. From January 28, 2010, our requirement to recognize the obligations relating to these stock-based compensation plans in the previous parent stock ceased. There were no modifications to the stock-based compensation plans during the reported periods.

Fees and allocations, net. These amounts represent charges from other LGI subsidiaries, including UPC Holding B.V., to our company following the January 28, 2010 LGI Transaction, including charges for management, finance, legal, technology, marketing and other services that support our company's broadband communications operations. The amounts charged generally are based on our company's estimated share of the applicable costs (including personnel, stock-based compensation and other costs related to the services provided) incurred by the

other LGI subsidiaries plus a mark-up. The monthly amounts charged 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. Settlement of these charges occurs through adjustments to the amount due under the intercompany loan receivable from UPC Germany. Although we believe that the intercompany fees and allocations described above are reasonable, no assurance can be given that the costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a stand-alone basis.

Interest income. Related-party interest income relates to our note receivable from UPC Germany as further described below.

At March 31, 2010, our notes receivable – related-party represented loans receivable from UPC Germany. The loans relate to funding provided to UPC Germany in connection with the LGI Transaction and are due (including interest) as of January 1, 2030. One loan with a principal amount of €1,142.6 million bears interest of 8.625% per annum (adjusted annually) and the second loan with a principal amount of €85.7 million bears interest of 10.125% (adjusted annually). At December 31, 2009, our notes receivable – related-party represented loans to Unitymedia S.C.A., our then shareholder, and Finakabel Holdings Limited (Finakabel), an investment vehicle of one of the equity holders of Unitymedia S.C.A. Both of the Unitymedia S.C.A. and Finakabel loans were repaid in full in connection with the LGI Transaction.

(10) Segment Reporting

Segment reporting is based on the management approach according to IFRS 8. The segments reported are the Unitymedia Cable and arena Broadcast and Satellite business lines. Unitymedia Cable offers video, internet and voice services over our broadband communications network. Through our national satellite digital pay TV direct-to-home (DTH) platform arenaSAT, we provide pay TV services across Germany. Our satellite platform offers subscribers a range of digital pay TV channels within various packages. Until June 30, 2009, arenaSAT also offered Bundesliga programming via a wholesale agreement with Sky Deutschland that expired at such time.

This segmentation is consistent with our current internal reporting system, which is used for allocating resources to the segments and assessing their performance. Management assesses the performance of the operating segments based on a number of measures, including "Adjusted EBITDA." Adjusted EBITDA is defined as EBITDA before stock-based compensation, restructuring charges, related-party fees and allocations charged by other LGI subsidiaries and certain other operating charges or credits. Operating charges or credits related to acquisitions or divestures are defined as (i) gains and losses on the disposition of long-lived assets and (ii) direct acquisition costs such as third party due diligence, legal and advisory costs. We adopted this definition of Adjusted EBITDA in the first quarter of 2010 in connection with our integration into LGI and all prior period presentations of Adjusted EBITDA in this report have been revised to conform to the new definition. Our management believes Adjusted EBITDA is a meaningful measure and is superior to other available GAAP measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and improve operating performance. We believe our Adjusted EBITDA measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. Adjusted EBITDA should not replace the measures in accordance with EU-IFRS as an indicator of the company's performance, but rather should be used in conjunction with the most directly comparable IFRS measure. Adjusted EBITDA is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G. The segment information provided to management is measured in a manner consistent with that in the financial statements. Our legal organization supports this view as the Broadcast and Satellite Business is organized within the legal entity arena, whereas the Unitymedia Cable Business is organized within separate legal entities for the Unitymedia Cable businesses.

UNITYMEDIA GMBH
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - continued
March 31, 2010
(unaudited)

Quarter ended March 31, 2010	**Cable**	**arena**	**Consolidated**
		in millions	
Revenue	€ 227.6	€ 3.4	€ 231.0
Reportable segment Adjusted EBITDA	€ 120.2	€ 1.1	€ 121.2
Related-party fees and allocations, net	(5.8)	—	(5.8)
Stock-based compensation	(7.3)	—	(7.3)
Reportable segment EBITDA	107.1	1.1	108.1
Depreciation and amortization	(70.3)	(0.2)	(70.4)
Reportable segment EBIT	36.8	0.9	37.7
Net financial result	(134.7)	—	(134.7)
Income tax benefit (expense)	27.4	(0.4)	27.0
Profit (loss) for the period	€ (70.5)	€ 0.5	€ (70.0)
Capital expenditures	€ 49.3	€ —	€ 49.3
Reportable Segment Assets	€ 3,423.3	€ 44.9	€ 3,468.2
Reportable Segment Liabilities	€ 3,214.5	€ 30.7	€ 3,245.2

Quarter ended March 31, 2009	**Cable**	**arena**	**Consolidated**
		in millions	
Revenue	€ 217.1	€ 79.6	€ 296.7
Reportable segment Adjusted EBITDA	€ 111.0	€ 9.9	€ 120.9
Expenses related to business acquisitions	(0.1)	—	(0.1)
Stock-based compensation	(0.5)	—	(0.5)
Reportable segment EBITDA	110.5	9.9	120.4
Depreciation and amortization	(68.5)	(0.7)	(69.2)
Reportable segment EBIT	42.0	9.2	51.2
Net financial result	(33.0)	0.7	(32.3)
Income tax expense	(5.3)	(1.2)	(6.5)
Profit for the period	€ 3.7	€ 8.7	€ 12.4
Capital expenditures	€ 60.8	€ 0.3	€ 61.1
Reportable Segment Assets	€ 2,449.8	€ 118.7	€ 2,568.5
Reportable Segment Liabilities	€ 2,191.7	€ 53.8	€ 2,245.5

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and 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.
- *Results of Operations.* This section provides an analysis of our results of operations for the three months ended March 31, 2010 and 2009.
- *Financial Condition.* This section provides an analysis of our liquidity, condensed consolidated cash flow statements and our off balance sheet arrangements.

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 Unitymedia or collectively to Unitymedia and its subsidiaries. Certain amounts may not total due to rounding.

Forward-Looking Statements

Certain statements in this report constitute forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology, including words such as "believes," "estimates," "anticipates," "expects," "intends," "may," "will", "could" or "should" or, in each case, their negative or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts and, 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* contain forward-looking statements, including statements regarding business, product and finance strategies, our capital expenditures, subscriber growth rates, competitive and economic factors and liquidity. 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 2009 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 markets in which we operate;
- the competitive environment in the broadband communications and programming industries in the markets in which we operate;
- competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of existing service offerings, including our digital video, voice and broadband internet services;
- consumer acceptance of new technology, programming alternatives and broadband services that we may offer;
- our ability to manage rapid technological changes;

- our ability to maintain or increase the number of subscriptions to our digital video, voice and broadband internet 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;
- the outcome of any pending or threatened litigation;
- changes in, or failure or inability to comply with, government regulations in the markets in which we operate and adverse outcomes from regulatory proceedings;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions, as well as our ability to satisfy conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- government intervention that opens our broadband distribution networks to competitors;
- our ability to successfully negotiate rate increase with local authorities;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the markets in which we operate;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- capital spending for the acquisition and/or development of telecommunications networks and services;
- 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;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners;
- changes in the nature of key relationships with Deutsche Telekom and certain of its affiliates for the access and operation of a significant portion of our network;
- our ability to successfully interact with labor councils and unions, and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, natural disasters, pandemics and other similar events.

The broadband communications services industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this 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 statements.

Overview

We are the second largest cable operator in Germany and an indirectly owned subsidiary of LGI. We provide analog and digital cable television as well as internet and telephony services to our customers who reside in our upgraded broadband communications network area in the federal states of North Rhine-Westphalia and Hesse. In addition to this core business, we operate a digital Pay TV satellite platform, arenaSAT, which is part of our arena segment. As of March 31, 2010, we operated a broadband communications network that passed 8.8 million homes and served approximately 4.5 million video subscribers, including 1.4 million digital video revenue generating units (RGUs), 639,000 internet RGUs and 638,000 telephony RGUs.

We focus on achieving organic revenue and customer growth in our digital and 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. While we seek to obtain new customers, we also seek to maximize the average revenue we receive from each household by increasing the penetration of our digital cable, broadband internet and telephony services with existing customers through product bundling and upselling, or by migrating analog cable customers to digital cable services that include various incremental service offerings, such as digital video recorders. We plan to continue to employ this strategy to achieve organic revenue and customer growth.

We operate two segments: Unitymedia Cable, which is our core business, providing video, internet and telephony services over our broadband communications network, and arena, operating a digital Pay TV DTH platform. For additional information concerning our reportable segments, including a discussion of our performance measures and a reconciliation of total segment Adjusted EBITDA to our profit (loss), see note 10 to our condensed consolidated interim financial statements.

Unitymedia Cable

The foundation of our business is the provision of video services and is characterized by recurring revenue and cash flows. In our upgraded network coverage area we provide an integrated triple play service under the brand “Unity3play”, offering our customers access to broadband internet, telephony and digital video services in addition to our analog video services.

Our cable business is supported by a dense, modern network that, as of March 31, 2010, covered approximately 77% of all households, or 8.8 million homes passed, in North Rhine-Westphalia and Hesse. We have upgraded approximately 92% of our network (equal to approximately 8.1 million homes passed, with a capacity of 862 MHz) for two-way services up to the street cabinet, with drops from the street cabinet to the building generally added, and in-home wiring generally upgraded, on an as-needed, success-based basis. Most of our capital expenditure is success-based for subscriber growth or usage and/or related to new product development.

Within our cable segment we provide the following products and services to our customers:

- Video Services: as of March 31, 2010, we provided our analog and digital video services to 4.5 million subscribers, or 51% of homes passed by our network. Our analog video service offerings include basic programming of up to 36 television channels, depending on the geographic area. Our digital video service offerings include basic and premium programming and incremental product and service offerings such as pay-per-view programming and digital video recorders. As of March 31, 2010, 31% of our video base subscribed to digital cable services. We provide video services via individual contracts with single dwelling units or bulk contracts with landlords or housing associations. In addition, we received carriage fees from both public and commercial broadcasters (including Sky Deutschland).
- Internet Services: we provide internet services both on a retail and wholesale basis. As of March 31, 2010, we provided our retail internet services to approximately 634,000 RGUs. Our current service portfolio consists of services with download speeds ranging from 2 Mbps to 128 Mbps with no time or data volume restrictions. Our customers can choose between different attractive and competitively-priced packages, including our core triple play product, Unity3play. We expect to continue to expand the availability of ultra high-speed internet services through the deployment of

EuroDOCSIS 3.0 capable equipment during 2010. Our Wholesale Multimedia Anschluss ("MMA") offer is a service tailored for housing associations to purchase internet access at 128 Kbps on a bulk basis and enable their properties with plug-and-play internet service. Tenants in MMA-equipped apartments have the opportunity to upgrade to any of our digital video, broadband internet and telephony services. As such, in addition to incremental revenue, the MMA business segment offers us an additional sales channel and serves as a catalyst for the implementation of our triple play strategy. As of March 31, 2010, approximately 5,000 RGUs were actively using our MMA service.

- Telephony Services: as of March 31, 2010, we provided our telephony services to approximately 638,000 RGUs. We market our telephony services principally as a component of our Unity3play product bundle.

arena

Through our national satellite digital pay TV platform arenaSAT, as of March 31, 2010 we provided pay TV services to approximately 51,000 RGUs across Germany.

Competition

While in the first quarter 2010 we have continued to make progress in growing our cable revenue base and cable Adjusted EBITDA by increasing penetration of our video base with advanced services, we are experiencing significant competition. Key competitors of our cable business include:

(i) satellite based reception of analog and digital Free-to-Air (FTA) programming in our basic video business;

(ii) Sky Deutschland and Deutsche Telekom with their respective content offerings in our premium digital cable business; and

(iii) Deutsche Telekom and alternative DSL operators with their bundled offerings in our internet and telephony business.

In general, our ability to increase or maintain the fees we receive for our services is limited by competitive, and to a lesser degree, regulatory factors. In this regard, we experienced declines in average monthly subscription revenue per average RGU (ARPU) from internet and telephony services during the first quarter of 2010, as compared to the fourth quarter of 2009. These declines were mitigated by improvements in our RGU mix and the implementation of basic cable rate increases for certain multi-user contracts effective as of January 1, 2010.

The competition we face in our markets, as well as a decline in the economic environment, could adversely impact our ability to increase, or in certain cases, maintain our revenue, RGUs, operating cash flow or liquidity. We currently are unable to predict the extent of any of these potential adverse effects.

The video, broadband internet and telephony businesses in which we operate are capital intensive. Significant capital expenditures are required to add customers to our networks, including expenditures for equipment and labor costs. No assurance can be given that our future upgrades will generate a positive return or that we will have adequate capital available to finance such future upgrades. 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.

Results of Operations

Operating Performance

We classify our customers based on our main subscription-based business activities. The following table sets forth our RGU and ARPU numbers for our cable business and arena satellite activities as of March 31, 2010 and March 31, 2009.

Unitymedia Cable Segment

	March 31, 2010	March 31, 2009	% change
	in thousands, except as noted		
Footprint			
Homes Passed[1]	8,802	8,735	1%
Two-Way Homes Passed[2]	8,115	7,526	8%
Subscribers (RGUs[3])			
Analog Cable[4]	3,109	3,373	(8%)
Digital Cable[5]	1,415	1,204	18%
Total Video	4,523	4,577	(1%)
Internet[6]	639	442	45%
Telephony[7]	638	428	49%
Total RGUs	5,800	5,447	6%
Quarterly RGU Net Additions (Reductions)			
Analog Cable	(62)	(126)	51%
Digital Cable	53	88	(40%)
Total Video	(9)	(38)	76%
Internet	50	61	(19%)
Telephony	52	65	(20%)
Total RGU Net Additions	92	88	4%
Penetration			
Digital Cable as % of Total Video Subscribers[8]	31.3%	26.3%	5pp
Internet as % of Two-Way Homes Passed[9]	7.9%	5.9%	2pp
Telephony as % of Two-Way Homes Passed[9]	7.9%	5.7%	2pp
Customer Relationships			
Customer Relationships[10]	4,572	4,577	0%
RGUs per Customer Relationship	1.27	1.19	7%
ARPU (€)[11]			
Blended ARPU per Customer Relationship	14.68	13.69	7%

arena Segment

arenaSAT Customers[12]	51	184	(72%)

For footnote disclosure please refer to page 34

Subscriber Statistics

Following the LGI Transaction, we changed the manner of reporting our video and internet subscriber base as of Q1 2010. Regarding the video subscriber base, Pay TV RGUs are not accounted for separately but treated as an additional service that a digital cable RGU is subscribing to on top of the underlying basic cable access service. In addition, a customer subscribing to our basic digital service will be counted as a digital cable subscriber, but not as an analog cable subscriber. Therefore, a customer taking our basic digital cable service as well as one or more Pay TV packages and/or digital video recorder (DVR) subscriptions is counted as one digital cable RGU. In terms of our internet RGU base, we are including customers taking retail broadband products (ranging from 2 to 120 Mbps) as well as those Multimedia-Anschluss (MMA) RGUs, the wholesale 128 Kbps internet product for landlords, which have requested and received a modem that enables the receipt of the service. Prior period figures have been adjusted to conform to the new subscriber policies and further adjustments to our subscriber counting policies are possible in future periods as we continue the integration

process with LGI. For more detail and an RGU overview of prior quarters under the revised RGU definitions please refer to page 29.

At March 31, 2010, we had 5.80 million RGUs, reflecting an increase of 6%, as compared to our 5.45 million RGUs at March 31, 2009. The improvement in RGUs was due to growth in our advanced services of digital cable, internet and telephony, which increased 30% from 2.07 million as of March 31, 2009 to 2.69 million as of March 31, 2010. Of our total RGUs at Q1 2010, advanced services represented 46%, as compared to 38% in the prior year period.

We finished the three months ended March 31, 2010 with 639,000 and 638,000 internet and telephony RGUs, respectively. As compared to March 31, 2009, our internet RGUs increased by 197,000 or 45% and our telephony RGUs increased by 210,000 or 49%. Our internet growth has been driven primarily by the strong demand for Unity3play services, which offers the consumer a bundled offering consisting of digital basic cable programming, internet and telephony services. Additionally, the triple-play bundle is fueling our telephony RGU growth, as over 90% of our internet additions in the quarter also subscribed to our telephony service.

Our video subscriber base at March 31, 2010 totaled 4.52 million RGUs, consisting of 3.11 million analog and 1.42 million digital subscribers. Over the last twelve months, our video base declined by 1% or 54,000 RGUs, primarily as a result of competition and previous price increases in our single and multi-user segments. A highlight of the last twelve months has been the addition of 211,000 digital cable RGUs, of which 53,000 were in Q1 2010. This increase has been driven by the ongoing conversion of analog cable subscriptions into digital as well as continued strong demand for Unity3play. As a result, our digital cable penetration at March 31, 2010 was 31%, up from 26% at March 31, 2009.

At arenaSAT, our subscriber base decreased to 51,000 subscribers at March 31, 2010, from 184,000 at March 31, 2009. This was primarily due to expected churn from *Bundesliga* subscribers, as the Premiere (now Sky Deutschland) sublicense agreement expired on June 30, 2009.

ARPU per Customer

A key component of our business strategy is to increase the penetration of our advanced services by providing our customers with a compelling value proposition through our bundled product offerings and enhanced digital video functionality and content. As a result, one of our objectives is to increase our ARPU per customer through a combination of migrating our largely single-play analog cable customers to digital video and upselling our customers to our Unity3play services, as customers increasingly recognize the value of our bundled products. As part of our business strategy, we are seeking to accelerate the roll-out of next-generation high-speed internet, using EuroDOCSIS 3.0 technology, as well as high definition television services.

In the last twelve months, we have increased our RGUs per customer relationship by 7% to 1.27x at March 31, 2010 from 1.19x at March 31, 2009. Over the same period, our blended ARPU per cable customer relationship has increased by 7% to €14.68 for the three months ended March 31, 2010, as compared to €13.69 for the three months ended March 31, 2009.

Financial Performance

Revenue

As a result of the LGI Transaction, we have amended certain methods in allocating revenue we generate from the various product lines. Revenue includes amounts received from subscribers for ongoing services as well as channel carriage fees, installation fees, telephony interconnection fees, late fees and other revenue. We use the term "subscription revenue" in the following discussion to refer to amounts received from subscribers for ongoing services, excluding telephony interconnection revenue, installation fees and late fees.

	Three months ended March 31,	
	2010	2009
	in millions	
Subscription revenue:		
Video	€ 152.4	€ 155.3
Internet	29.9	20.4
Telephony	18.3	13.0
arena	2.6	12.5
Total subscription revenue	203.2	201.2
Other revenue	27.8	95.5
Total consolidated revenue	€ 231.0	€ 296.7

Total consolidated revenue including arena and the cable segment decreased by 22%, from €296.7 million during the three months ended March 31, 2009 to €231.0 million during the three months ended March 31, 2010. The decrease in revenue was primarily due to lower revenue in the arena segment resulting from the discontinuation of Premiere (now Sky Deutschland) sublicense revenue and Premiere share revenue recognition following the expiration of our right to retail *Bundesliga* programming as of June 30, 2009. This decrease was partially offset by increased revenue in the Unitymedia Cable segment from advanced services subscriptions, comprised of Unitymedia´s digital cable, internet and telephony products, and the January 1, 2010 price increase in certain segments of the multi-user video base.

Video subscription revenue primarily consists of monthly basic cable subscription fees from the delivery of analog and digital television signals as well as digital value added services such as pay TV and DVRs. Total analog and digital cable revenue combined decreased by 2%, from €155.3 million for the three months ended March 31, 2009 to €152.4 million during the three months ended March 31, 2010. This decrease was primarily due to the discontinuation of retailing *Bundesliga* programming and basic video subscriber churn. This decrease was partially offset by (i) the ongoing migration of the analog subscriber base to higher-ARPU basic digital cable services, (ii) a price increase effective January 1, 2010 for certain multi-user contracts in our video business, and (iii) ongoing organic demand for Pay TV and DVR services.

Subscription revenue from our internet business includes the monthly subscription fees for retail broadband products and MMA (Multimedia Anschluss) wholesale services. Revenue from the internet business increased 46% from €20.4 million during the three months ended March 31, 2009 to €29.9 million during the three months ended March 31, 2010, primarily representing the continued demand for Unity3play services in our upgraded regions.

Subscription revenue from our telephony business includes monthly line subscription fees and telephony usage. In line with strong internet growth, revenue from the telephony business increased from €13.0 million during the three months ended March 31, 2009 to €18.3 million during the three months ended March 31, 2010. As expected, strong bundled broadband subscriber growth was partially offset by lower mobile and rate-based international voice calls per subscriber, and higher bundling and promotional discounts.

arena generated subscription revenue of €2.6 million during the three months ended March 31, 2010, compared to €12.5 million during the three months ended March 31, 2009. This decrease is primarily due to a smaller arenaSAT customer base following the discontinuation of retailing *Bundesliga* programming as the underlying *Bundesliga* sublicense agreement with Premiere (now Sky Deutschland) expired at June 30, 2009.

Other revenue includes analog and digital carriage fees from public and private broadcasters, telephony interconnection revenue, installation fees, late fees, shared revenue from customer hotline toll charges and other revenue. During the 2009 period, other revenue also included Premiere (now Sky Deutschland) share revenue and sublicense fees from Premiere, which revenue was discontinued in connection with the June 30, 2009 expiration of the underlying *Bundesliga* sublicense agreement with Premiere. Other revenue decreased from €95.5 million during the three months ended March 31, 2009 to €27.8 million during the three months ended March 31, 2010, primarily as a result of (i) the aforementioned expiration of the Premiere agreement and (ii) lower installation fees. This decrease was partially offset by higher interconnection revenue from incoming calls while channel carriage fees for the video signal delivery, which represent the majority of other revenue, remained nearly flat in the respective quarters.

Operating Costs and Expenses

	Three months ended March 31, 2010	Three months ended March 31, 2009
	in millions	
Operating costs and expenses:		
Operating (other than depreciation and amortization)	€ (74.4)	€ (140.4)
Selling, general and administrative (SG&A)	(35.4)	(35.5)
	€ (109.8)	€ (175.9)

Operating Costs

Operating costs include programming, network operations, interconnect, customer operations, customer care and other direct and indirect operating costs. Our most significant costs include payments under long term agreements with Deutsche Telekom and other operators for the use of assets which are shared between our network and others and for other services provided by Deutsche Telekom. Total operating costs for the three months ended March 31, 2010 were €74.4 million, compared to €140.4 million for three months ended March 31, 2009, with the decrease primarily due to the discontinuation of retailing *Bundesliga* content and the related DFL (Deutsche Fussball Liga) programming costs as well as lower network related costs.

Selling, General and Administrative Costs

Selling, general and administrative costs (SG&A) include human resources, information technology, general services, management, finance, legal and marketing costs and other general services. Total SG&A costs for the three months ended March 31, 2010 were €35.4 million, compared to €35.5 million for three months ended March 31, 2009.

Operating Costs and Expenses by Nature

	Three months ended March 31, 2010	Three months ended March 31, 2009
	in millions	
Operating costs and expenses by nature:		
Direct Costs (Interconnect, Programming and Other)	€ (23.7)	€ (87.7)
Staff Related Costs	(28.3)	(25.4)
Network Operating and Technical Service Costs	(25.7)	(27.9)
Sales and Marketing Costs	(15.2)	(16.4)
Indirect and Other Costs	(16.9)	(18.5)
	€ (109.8)	€ (175.9)

Direct Costs. Direct costs decreased by 73% from €87.7 million during the three months ended March 31, 2009 to €23.7 million during the three months ended March 31, 2010, primarily due to lower programming costs following the discontinuation of our rights to retail *Bundesliga* content. This decrease was partially offset by (i) the €4.0 million impact of the release of prior period accruals in connection with the settlement of certain contingencies during the three months ended March 31, 2009, (ii) increased interconnection fees as a result of the higher internet and telephony customer base and usage and (iii) higher cable programming expenses due to organic growth in our non-*Bundesliga* pay TV services.

Staff Related Costs. Staff related costs increased by 11%, from €25.4 million during the three months ended March 31, 2009 to €28.3 million during the three months ended March 31, 2010. The increase primarily relates to tariff and annual merit increases and staffing increases in customer facing departments and network operations. As of March 31, 2010, Unitymedia employed 1,633 people (full time equivalent) compared to 1,609 at March 31, 2009.

Network Operating and Technical Service Costs. Costs related to network and service costs decreased by 8%, from €27.9 million during the three months ended March 31, 2009 to €25.7 million during the three months ended March 31, 2010. The decrease primarily relates to lower costs relating to terminated BRN (*Breitband Rundfunk Netz*) fiber links, partially offset by higher energy costs and a higher amount of refurbished CPE.

Sales and Marketing Costs. Costs related to sales and marketing decreased by 7%, from €16.4 million during the three months ended March 31, 2009 to €15.2 million during the three months ended March 31, 2010 primarily due to lower marketing spendings and advertising costs as well as a higher proportion of capitalized sales commissions. Prior year marketing spendings were also impacted by the Company´s introduction of its first DSL switcher campaign.

Indirect Costs. Indirect costs decreased by 9%, from €18.5 million during the three months ended March 31, 2009 to €16.9 million during the three months ended March 31, 2010. This decrease was primarily due to lower bad debt and lower payments for outsourced call center services as the first quarter 2009 included a large amount of incoming phone calls following certain changes in the general terms and conditions governing our standard contracts. Furthermore, customer contact rates decreased in the first quarter of 2010 as a result of process quality improvements including increased training hours for customer care agents.

Stock-Based Compensation Expense

Through January 28, 2010, the date of the LGI Transaction, certain members of our management and the board of directors of Unitymedia S.A. or their affiliated companies, respectively, held Class B ordinary stock (Class B Stock) in Unitymedia S.C.A. In addition, certain economically capped options were held by the Company's management board over securities of Unitymedia S.C.A. and Unitymedia S.A. From January 28, 2010, our requirement to recognize the obligations relating to these stock-based compensation plans in the previous parent stock ceased. Stock-based compensation expense of €7.3 million and €0.5 million for the three months ended March 31, 2010 and 2009, respectively, relate to our previous shareholder, Unitymedia S.C.A.

Related-Party Fees and Allocations

During the three months ended March 31, 2010 we recorded expenses related to cost allocations to Unitymedia for corporate services performed by LGI in the amount of €5.8 million. These amounts represent charges from other LGI subsidiaries, including UPC Holding BV, to our company following the January 28, 2010 LGI Transaction, including charges for management, finance, legal, technology, marketing and other services that support our company's broadband communications operations. For further details, please refer to note 9 of our condensed consolidated interim financial statements.

Depreciation and Amortization Expense

Depreciation and amortization increased slightly from €69.2 million during the three months ended March 31, 2009 to €70.4 million during the three months ended March 31, 2010 primarily as a result of increased expenditures for the purchase and installation of customer premise equipment and subscriber acquisition costs following a higher digital, internet and telephony customer base.

Net Financial Result

The financial result primarily includes interest income, interest expense, foreign currency transaction losses, losses on debt extinguishments and realized and unrealized gains on derivative instruments. As further described below, the financial result increased from negative €32.3 million during the three months ended March 31, 2009 to negative €134.7 million during the three months ended March 31, 2010.

Interest Income

Interest income increased from €1.0 million during the three months ended March 31, 2009 to €8.4 million during the three months ended March 31, 2010. The €8.4 million interest income (third party and related party) during the three months ended March 31, 2010 primarily reflects €8.2 million of non-cash interest income due from the intercompany loan with UPC Germany following the debt pushdown on March 2, 2010 following the LGI Transaction. The €1.0 million interest income during the three months ended March 31, 2009 primarily reflected interest and similar income. Excluding the related party income, the decrease in interest income is due to the lower cash and interest rate levels in 2010.

Interest Expense

Interest expense increased from €33.8 million during the three months ended March 31, 2009 to €36.8 million during the three months ended March 31, 2010. Interest expense of €36.8 million during the three months ended March 31, 2010 reflects interest expense for the previous capital structure through the March 2, 2010 refinancing date and for the new capital structure since March 2, 2010. The higher interest expense year on year is primarily due to higher outstanding debt and higher average fixed rate interest levels following the debt pushdown on March 2, 2010, partially offset by lower interest expense for the previous capital structure through March 2, 2010 as a result of lower average Euribor levels for the unhedged portion of the Old Floating Rate Notes and the Old Term Loan as compared to the first quarter of 2009.

Foreign Currency Transaction Losses

Foreign currency transaction losses increased from nil during the three months ended March 31, 2009 to €9.2 million during the three months ended March 31, 2010. The €9.2 million during the three months ended March 31, 2010 included €6.0 million of foreign currency transaction losses relating to the Old Dollar Senior Notes as well as €3.2 million relating to the Dollar Senior Notes. We recorded no foreign currency transaction losses during the three months ended March 31, 2009 as we applied hedge accounting during the 2009 period.

Losses on Debt Extinguishments

Losses on debt extinguishments were €52.5 million during the three months ended March 31, 2010 as compared to nil during the three months ended March 31, 2009. The €52.5 million in the first quarter 2010 primarily reflects losses recorded in connection with refinancing the previous capital structure on March 2, 2010. These losses include the €25.4 million write-off of the remaining deferred financing costs associated with the refinanced capital structure as well as €27.1 million of call premiums related to the prepayment of the refinanced fixed rate senior notes. For further details, see note 6 of our condensed consolidated interim financial statements.

Realized and Unrealized Gains (Losses) on Derivative Instruments

During the three months ended March 31, 2010, we incurred realized and unrealized losses on derivative instruments of €44.6 million compared to a gain of €4.6 million during the three months ended March 31, 2009. The €44.6 million loss in the first quarter 2010 primarily reflects the write-off of the fair value of the embedded prepayment options of the refinanced fixed rate Old Senior Notes. The €0.5 million gain during the three months ended March 31, 2009 reflect gains recorded on embedded derivative instruments related to the Old Dollar Senior Notes, which were refinanced on March 2, 2010.

Income tax

We recognized income tax benefit of €27.0 million and income tax expense of €6.5 million during the three months ended March 31, 2010 and 2009, respectively. The income tax benefit during the the three months ended March 31, 2010 differs from the expected income tax benefit of €30.1 million (based on the German 31.6% income tax rate) due primarily to the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of interest and other nondeductible expenses and (ii) a net increase in valuation allowances established against deferred tax assets. The income tax expense during the three months ended March 31, 2009 differs from the expected income tax expense of €6.0 million (based on the German 31.6% income tax rate) due primarily to the net effect of (i) the negative impacts of certain permanent

differences between the financial and tax accounting treatment of interest and other nondeductible expenses and (ii) the positive impact of a net decrease in valuation related to arena´s deferred tax assets. For additional information concerning our income taxes, see note 8 to our condensed consolidated interim financial statements.

Net Profit (Loss)

Net loss during the three months ended March 31, 2010 was €70.0 million, as compared to a net profit during the three months ended March 31, 2009 of €12.4 million. This change was primarily due to (i) the debt extinguishment and derivative losses incurred in connection with the March 2010 refinancing, as described above, (ii) lower EBITDA contribution from the arena segment and (iii) higher interest expenses. These negative factors were partially offset by the positive change in our income taxes from the 2009 period to the 2010 period as well as an increase in the Adjusted EBITDA contribution from our cable segment.

Financial Condition

Sources and Uses of Cash

Cash and cash equivalents

Although our consolidated operating subsidiaries have generated cash from operating activities, the terms of the indentures for the Senior Secured Notes and Senior Notes governing the indebtedness of Unitymedia Hessen and Unitymedia NRW may restrict our ability to access the assets of our subsidiaries. Our subsidiaries accounted for substantially all of our consolidated cash and cash equivalents at March 31, 2010. In addition, our ability to access the liquidity of our subsidiaries may be limited by tax considerations or other factors.

Liquidity of Unitymedia

Our principal source of corporate liquidity includes (i) the cash and cash equivalents held by Unitymedia, (ii) proceeds in the form of contributions or loans from UPC Germany and (iii) subject to the restrictions noted above, proceeds in the form of distributions or loans from Unitymedia Hessen or Unitymedia NRW.

The ongoing cash needs of Unitymedia include (i) corporate general and administrative expenses and (ii) interest payments on the Senior Notes. From time to time, Unitymedia may also require cash in connection with (i) the repayment of outstanding debt, (ii) the satisfaction of contingent liabilities, (iii) acquisitions or (iv) other investment opportunities. No assurance can be given that any funding from UPC Germany, our subsidiaries or external sources would be available on favorable terms, or at all.

Liquidity of Unitymedia Hessen and Unitymedia NRW and our Other Operating Subsidiaries

In addition to the cash and cash equivalents, the primary sources of liquidity of Unitymedia Hessen, Unitymedia NRW and our other operating subsidiaries is cash provided by operations and, in the case of Unitymedia Hessen and Unitymedia NRW, borrowing availability under the Revolving Credit Facility. For the details of the borrowing availability under the Revolving Credit Facility at March 31, 2010, see note 6 to our condensed interim financial statements. The liquidity of Unitymedia Hessen, Unitymedia NRW and our other operating subsidiaries generally is used to fund capital expenditures and debt service requirements. For a discussion of our consolidated capital expenditures and cash provided by operating activities, see the discussion under *Consolidated Cash Flow Statements* below. From time to time, these entities may also require funding in connection with (i) acquisitions and other investment opportunities or (ii) distributions or loans to Unitymedia. Due in part to the level of the existing indebtedness of Unitymedia Hessen and Unitymedia NRW, no assurance can be given that any external funding would be available on favorable terms, or at all.

Capitalization

Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other

factors, many of which are beyond our control. We believe that our cash on hand, the cash provided from the operations of our subsidiaries, the Revolving Credit Facility and any parent financing from UPC Germany will be sufficient to fund our currently anticipated working capital needs, capital expenditures, and debt service requirements over the next 12 months, although we cannot assure you that this will be the case.

To the extent that we are not able to fund any principal payment at maturity with respect to any of our indebtedness, we will be required to refinance this indebtedness with additional credit facilities and/or the issue of new debt or equity securities in the capital markets. Due in part to the level of our existing indebtedness, no assurance can be given that we would be able to complete such financing transactions on favorable terms, or at all. Any failure to raise additional necessary funds would result in a default under the Revolving Credit Facility and our other indebtedness, including the Senior Secured Notes and Senior Notes. Our shareholders have not guaranteed any of our debt obligations. In addition, additional indebtedness incurred could reduce the amount of our cash flow available to make payments on our indebtedness and increase our leverage. We anticipate that we will have to refinance in part the repayment of certain principal amounts at maturity.

Seasonality

Certain aspects of our business are subject to seasonal factors. In particular we have a disproportionately high level of annual prepayments in the months between November and February, which results in higher levels of accounts receivable and cash flow from operations in these months each year, offset by associated VAT payments. We also generally have a higher relative level of capital expenditures in the second half of each calendar year, which generally results in higher payments in the fourth and first quarters of each calendar year.

Condensed Consolidated Cash Flow Statements

Cash flow provided by operating activities

The cash flow provided by our operating activities was €124.0 million during each of the three-month periods ended March 31, 2010 and 2009. The inflow during the three months ended March 31, 2009 includes a €33.7 million cash collection in the first week of January 2009 from a year-end 2008 billing run. Net of this effect, cash flow provided by operating activities increased by €33.7 million primarily due to Unitymedia Cable Adjusted EBITDA growth and an increase in trade working capital, partially offset by lower Adjusted EBITDA contribution from the arena segment and higher cash taxes.

Cash flow used by investing activities

Our cash flow used by investing activities was €49.3 million during the three months ended March 31, 2010, which represents capital expenditures. During the three months ended March 31, 2009, cash used by investing activities was €72.8 million, consisting of (i) capital expenditures of €61.1 million, (ii) €8.0 million for business acquisitions and (iii) €3.7 million for the purchase of stock in Unitymedia S.C.A.

Our capital expenditures relate primarily to extending or upgrading our network, installation and in-home wiring for new customers, the cost of set-top boxes and cable modems rented to our customers. Capital expenditures also include increases in intangible assets (except our customer relationships intangible asset) and do not include financial assets. Capital expenditures for the cable segment decreased from €60.8 million for the quarter ended March 31, 2009 to €49.3 million for the quarter ended March 31, 2010, primarily driven by a lower volume of network backbone upgrades. For the quarter ended March 31, 2010, capital expenditures were 22% of cable revenue. arena had nil of capital expenditures during the three months ended March 31, 2010 compared to €0.3 million during the three months ended March 31, 2009.

Cash flow used by financing activities

Our cash flow used by financing activities was €171.8 million during the three months ended March 31, 2010, of which €197.6 million were primarily used for the repayment of the previous term loan and parts of the previously outstanding Old Floating Rate Notes and €14.2 million that were used to pay down the outstanding value of the former foreign currency swap on the Old Dollar Senior Notes. The cash outflows during the quarter were offset by a cash inflow from a €35 million drawing of the Revolving Credit Facility as well as a €5.0 million inflow from the repayment of a related party loan. During the three months ended March 31, 2009, our cash

flow used by financing activities was €30.2 million, which primarily reflects the repayment of €30.0 million of our Old Revolving Credit Facility.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Appendix

Operating Statistics (Under Revised Definitions)

(in '000s unless otherwise stated)	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Unitymedia Cable Segment						
Footprint						
Homes Passed[1]	8,802	8,786	8,757	8,744	8,735	8,685
Two-Way Homes Passed[2]	8,115	8,095	7,839	7,690	7,526	7,222
Subscribers (RGUs)[3]						
Analog Cable[4]	3,109	3,171	3,258	3,306	3,373	3,499
Digital Cable[5]	1,415	1,362	1,301	1,265	1,204	1,116
Total Video	4,523	4,533	4,558	4,570	4,577	4,615
Internet[6]	639	589	542	499	442	380
Telephony[7]	638	586	535	490	428	363
Total RGUs	5,800	5,708	5,635	5,559	5,447	5,358
Penetration						
Digital Cable as a % of Total Video Subscribers[8]	31.3%	30.0%	28.5%	27.7%	26.3%	24.2%
Internet as a % of Two-Way Homes Passed[9]	7.9%	7.3%	6.9%	6.5%	5.9%	5.3%
Telephony as a% of Two-Way Homes Passed[9]	7.9%	7.2%	6.8%	6.4%	5.7%	5.0%
Customer Relationships						
Customer Relationships[10]	4,572	4,533	4,558	4,570	4,577	4,615
RGUs per Customer Relationship	1.27	1.26	1.24	1.22	1.19	1.16
ARPU (€)[11]						
Blended ARPU per Customer Relationship	14.68	14.26	13.91	14.06	13.69	N/A
arena Segment						
arenaSAT Customers[12]	51	57	68	105	184	191

Unitymedia

Key Financial Overview and Reconciliations Under Revised Revenue[13] and Adjusted EBITDA definitions[14] for the Quarters Ended March 31, 2010 until March 31, 2009 as well as for the Years Ended December 31, 2009 and 2008

Quarter ended March 31, 2010

	Cable	arena	Consolidated
		in millions	
Revenue	€ 227.6	€ 3.4	€ 231.0
Reportable Segment Adjusted EBITDA	120.2	1.1	121.2
Stock-Based Payments	(7.3)	—	(7.3)
Related Party Fees and Allocations[17]	(5.8)	—	(5.8)
Reportable Segment EBITDA	107.1	1.1	108.1
Depreciation and Amortization	(70.3)	(0.2)	(70.4)
Reportable Segment EBIT	36.8	0.9	37.7
Net Financial Result	(134.7)	—	(134.7)
Income Tax Benefit (Expenses)	27.4	(0.4)	27.0
Profit (Loss) for the Period	€ (70.5)	€ 0.5	€ (70.0)
Capital Expenditures (CapEx)[15]	€ 49.3	€ —	€ 49.3
Adjusted EBITDA Margin	52.8%	31.7%	52.4%
CapEx as % of Revenue	21.6%	0.4%	21.3%

Year Ended December 31, 2009

	Cable	arena	Consolidated
		in millions	
Revenue	€ 879.1	€ 174.9	€ 1,054.0
Reportable Segment Adjusted EBITDA	457.3	7.4	464.6
Stock-Based Payments	(5.0)	—	(5.0)
Restructuring Personnel Payments, Benefits	(1.6)	—	(1.6)
Expenses Related to Business Acquisitions	(1.1)	—	(1.1)
Reportable Segment EBITDA	449.6	7.4	456.9
Depreciation and Amortization	(293.9)	(2.1)	(295.9)
Reportable Segment EBIT	155.7	5.3	161.0
Net Financial Result	(39.6)	1.1	(38.6)
Income Tax Expenses	(42.3)	(3.4)	(45.7)
Profit for the Period	€ 73.7	€ 2.9	€ 76.7
Capital Expenditures	€ 243.7	€ 0.5	€ 244.2
Adjusted EBITDA Margin[16]	52.0%	4.2%	44.1%
CapEx as % of Revenue	27.7%	0.3%	23.2%

Three Months Ended December 31, 2009

	Cable	arena	Consolidated
		in millions	
Revenue	€ 220.0	€ 3.4	€ 223.4
Reportable Segment Adjusted EBITDA	120.6	1.9	122.5
Stock-Based Payments	(4.8)	—	(4.8)
Restructuring Personnel Payments, Benefits	(1.6)	—	(1.6)
Expenses Related to Business Acquisitions	(1.0)	—	(1.0)
Reportable Segment EBITDA	113.2	1.9	115.1
Depreciation and Amortization	(80.0)	(0.2)	(80.3)
Reportable Segment EBIT	33.1	1.7	34.8
Net Financial Result	39.5	—	39.5
Income Tax Benefit (Expenses)	(70.7)	1.3	(69.4)
Profit (Loss) for the Period	€ 2.0	€ 3.0	€ 5.0
Capital Expenditures (CapEx)	€ 65.9	€ —	€ 65.9
Adjusted EBITDA Margin	54.8%	56.2%	54.8%
CapEx as % of Revenue	29.9%	—	29.5%

Three Months Ended September 30, 2009

	Cable	arena	Consolidated
		in millions	
Revenue	€ 217.5	€ 4.9	€ 222.4
Reportable Segment Adjusted EBITDA	113.7	0.5	114.2
Stock-Based Payments	0.8	—	0.8
Reportable Segment EBITDA	114.5	0.5	115.0
Depreciation and Amortization	(73.2)	(0.4)	(73.6)
Reportable Segment EBIT	41.3	0.1	41.3
Net Financial Result	(22.7)	0.1	(22.6)
Income Tax Benefit	42.0	—	42.1
Profit for the Period	€ 60.6	€ 0.2	€ 60.8
Capital Expenditures	€ 55.7	€ —	€ 55.7
Adjusted EBITDA Margin	52.3%	10.3%	51.4%
CapEx as % of Revenue	25.6%	—	25.1%

Three Months Ended June 30, 2009

	Cable	arena	Consolidated
		in millions	
Revenue	€ 224.5	€ 87.1	€ 311.6
Reportable Segment Adjusted EBITDA	112.0	(5.0)	107.0
Stock-Based Payments	(0.5)	—	(0.5)
Expenses Related to Business Acquisitions	(0.1)	—	(0.1)
Reportable Segment EBITDA	111.5	(5.0)	106.5
Depreciation and Amortization	(72.1)	(0.7)	(72.8)
Reportable Segment EBIT	39.3	(5.7)	33.7
Net Financial Result	(23.4)	0.2	(23.2)
Income Tax Benefit (Expenses)	(8.4)	(3.5)	(11.8)
Profit (Loss) for the Period	€ 7.6	€ (9.0)	€ (1.4)
Capital Expenditures (CapEx)	€ 61.3	€ 0.1	€ 61.5
Adjusted EBITDA Margin	49.9%	(5.7)%	34.3%
CapEx as % of Revenue	27.3%	0.2%	19.7%

Three Months Ended March 31, 2009

	Cable	arena	Consolidated
		in millions	
Revenue	€ 217.1	€ 79.6	€ 296.7
Reportable Segment Adjusted EBITDA	111.0	9.9	120.9
Stock-Based Payments	(0.5)	—	(0.5)
Expenses Related to Business Acquisitions	(0.1)	—	(0.1)
Reportable Segment EBITDA	110.5	9.9	120.4
Depreciation and Amortization	(68.5)	(0.7)	(69.2)
Reportable Segment EBIT	42.0	9.2	51.2
Net Financial Result	(33.0)	0.7	(32.3)
Income Tax Expenses	(5.3)	(1.2)	(6.5)
Profit for the Period	€ 3.7	€ 8.7	€ 12.4
Capital Expenditures	€ 60.8	€ 0.3	€ 61.1
Adjusted EBITDA Margin	51.1%	12.5%	40.8%
CapEx as % of Revenue	28.0%	0.4%	20.6%

Year Ended December 31, 2008	Cable	arena	Intercompany eliminations	Consolidated
		in millions		
Revenue	€ 823.4	€ 358.9	€ —	€ 1,182.3
Reportable Segment Adjusted EBITDA	399.0	42.3	—	441.3
Expenses Related to Business Acquisitions	(0.7)	—	—	(0.7)
Expenses Related to Restructuring	—	6.1	—	6.1
Stock-Based Payments	(1.8)	—	—	(1.8)
Reportable Segment EBITDA	396.5	48.4	—	444.9
Depreciation and Amortization	(252.3)	(5.1)	—	(257.4)
Reportable Segment EBIT	144.2	43.3	—	187.5
Net Financial Result	(83.4)	5.8	(4.5)	(82.1)
Income Tax Expenses	(8.0)	(11.3)	—	(19.3)
Profit for the Period	€ 52.8	€ 37.8	€ (4.5)	€ 86.1
Capital Expenditures	€ 224.8	€ 1.6	€ —	€ 226.4
Adjusted EBITDA Margin	48.5%	11.5%	—	37.2%
CapEx as % of Revenue	27.3%	0.4%	—	19.1%

Footnotes

(1) Homes Passed are homes or residential multiple dwelling units that can be connected to our network without materially extending the distribution plant, except for direct-to-home satellite (DTH) homes. Our Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results.

(2) Two-way Homes Passed are Homes Passed by those sections of our network that are technologically capable of providing two-way services, including video, internet services and telephony services, up to the street cabinet, with drops from the street cabinet to the building generally added, and in-home wiring generally upgraded, on an as-needed, success-based basis.

(3) Revenue Generating Unit (RGU) is separately an Analog Cable Subscriber, Digital Cable Subscriber, Internet Subscriber or Telephony Subscriber. A home or residential multiple dwelling unit may contain one or more RGUs. For example, if a residential customer subscribed to our digital cable service, telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Analog Cable, Digital Cable, Internet and Telephony Subscribers. RGUs generally are counted on a unique premise basis such that a given premise does not count as more than one RGU for any given service. On the other hand, if an individual receives our service in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period.

(4) Analog Cable Subscriber is a home or a residential multiple dwelling unit that receives our analog cable service over our broadband network. As of Q1 2010 we began including within Analog Cable Subscribers customers in multiple dwelling units that subscribe to our video services without an underlying contract through the landlord. This change was also given effect in prior periods, beginning with Q2 2009.

(5) Digital Cable Subscriber is a home or residential multiple dwelling unit that receives our digital cable service over our broadband network. We count a subscriber with one or more digital converter boxes that receives our digital cable service as just one subscriber. A Digital Cable Subscriber is not counted as an Analog Cable Subscriber. As we migrate customers from analog to digital cable services, we report a decrease in our Analog Cable Subscribers equal to the increase in our Digital Cable Subscribers.

(6) Internet Subscriber is a home or residential multiple dwelling unit that receives internet services over our network. Our Internet Subscribers do not include customers that receive services from dial-up connections. We offer a 128Kbps wholesale internet service to housing associations on a bulk basis. As of Q1 2010, our Internet Subscribers include approximately 5,000 subscribers within such housing associations who have requested and received a modem that enables the receipt of our wholesale internet service.

(7) Telephony Subscriber is a home or residential multiple dwelling unit that receives voice services over our network.

(8) Digital cable penetration is calculated by dividing digital cable RGUs by the total of digital and analog cable RGUs.

(9) Internet and telephony penetration is calculated by dividing the internet and telephony RGUs by two-way homes passed.

(10) Customer Relationships are the number of customers who receive at least one of our video, internet or voice services that we count as RGUs, without regard to which, or to how many services they subscribe. Customer Relationships generally are counted on a unique premise basis. Accordingly, if an individual receives our services in two premises (e.g., primary home and vacation home), that individual will count as two Customer Relationships. Beginning Q1 2010 we also include subscribers not taking a video service but subscribing to our internet and/or telephony services. As of Q1 2010, we had approximately 48,000 of these customers.

(11) ARPU per Customer Relationship refers to the average monthly subscription revenue per average Customer Relationship. The amount is calculated by dividing the average monthly subscription revenue (excluding fees from interconnection, installation, late fees and carriage) for the indicated period, by the average of the opening and closing balances for Customer Relationships for the period. ARPU per Customer Relationship for Q1 2010 includes approximately 48,000 subscribers not taking a video service but subscribing to our internet and/or telephony services while ARPU per Customer Relationship for prior periods exclude such subscribers.

(12) arena Customer is a home or a residential multiple dwelling unit that receives our video programming directly via DTH satellite.

(13) Beginning Q1 2010, revenue for Unitymedia Cable includes subscription revenue, carriage fees, interconnection fees, installation fees and other revenue (including late fees, call center call charges and other revenue), whereas in prior periods late fees were included under Other Income. Prior period figures have been adjusted to conform to the revised definition. For arena, revenue primarily includes subscription revenue in Q1 2010 and also included sublicense revenue and Premiere share revenue recognition until Q2 2009, as the underlying *Bundesliga* sublicense agreement with Premiere expired on June 30, 2009.

(14) Under EU-IFRS, EBITDA is defined as profit before net finance expense, income taxes, depreciation, amortization and impairment. Adjusted EBITDA is defined as EBITDA before stock-based compensation, restructuring charges, related party fees and allocations charged by other LGI subsidiaries and certain other operating charges or credits. Operating charges or credits related to acquisitions or divestures are defined as (i) gains and losses on the disposition of long-lived assets and (ii) direct acquisition costs such as third party due diligence, legal and advisory costs. We adopted this definition of Adjusted EBITDA in the first quarter of 2010 in connection with our integration into LGI and all prior period presentations of Adjusted EBITDA in this report have been revised to conform to the new definition. Our management believes Adjusted EBITDA is a meaningful measure and is superior to other available GAAP measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and improve operating performance. We believe our Adjusted EBITDA 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. Adjusted EBITDA should not replace the measures in accordance with EU-IFRS as an indicator of the company's performance, but rather should be used in conjunction with the most directly comparable IFRS measure.

Adjusted EBITDA is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G. A reconciliation of segment Adjusted EBITDA to our net profit/(loss) is presented on pages 30-33.

(15) Capital expenditures (CapEx) consist of expenditures for property, plant and equipment and intangibles (except for customer lists) as reported in our EU-IFRS cash flow statement, and do not include financial assets. Q1 2009 Cable CapEx excludes €8.0 million for the acquisition of third party cable networks.

(16) We define Adjusted EBITDA Margin to mean Adjusted EBITDA as a percentage of revenue.

(17) Represents non-cash charge for general support and administration services rendered by other LGI subsidiaries. For additional information, see note 9 to our condensed consolidated interim financial statements.