UPC HOLDING B.V.

Condensed Consolidated Financial Statements
March 31, 2015

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UPC HOLDING B.V.

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UPC HOLDING B.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2015	December 31, 2014 (a)
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 44.8	€ 51.3
Trade receivables, net	159.6	259.8
Related-party receivables (note 9)	425.6	355.9
Derivative instruments (note 4)	109.3	311.8
Prepaid expenses	26.1	13.2
Deferred income taxes (note 8)	5.3	10.8
Other current assets	22.5	69.7
Total current assets	793.2	1,072.5
Related-party receivables (note 9)	68.1	1,743.9
Property and equipment, net (note 6)	2,399.6	2,239.1
Goodwill (note 6)	4,441.6	4,044.5
Derivative instruments (note 4)	642.6	356.9
Intangible assets subject to amortization, net (note 6)	144.3	149.6
Other assets, net (note 9)	113.2	124.8
Total assets	€ 8,602.6	€ 9,731.3

(a) As retrospectively revised – see note 3.

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)
(unaudited)

	March 31, 2015	December 31, 2014 (a)
	in millions	
LIABILITIES AND OWNERS' DEFICIT		
Current liabilities:		
Accounts payable (note 9)	€ 218.2	€ 185.5
Deferred revenue and advance payments from subscribers and others	308.6	320.5
Derivative instruments (note 4)	132.9	663.0
Current portion of debt and capital lease obligations (note 7)	612.9	347.1
Accrued interest	64.7	165.9
Other accrued and current liabilities (notes 8 and 9)	588.2	526.9
Total current liabilities	1,925.5	2,208.9
Long-term debt and capital lease obligations (note 7):		
Third-party	5,138.4	7,938.2
Related-party (note 9)	5,680.3	11,527.9
Derivative instruments (note 4)	1,000.5	844.0
Other long-term liabilities (note 9)	586.7	402.1
Total liabilities	14,331.4	22,921.1
Commitments and contingencies (notes 4, 7 and 10)		
Owners' deficit:		
Parent's deficit:		
Distributions and accumulated losses in excess of contributions	(6,652.7)	(13,755.4)
Accumulated other comprehensive earnings, net of taxes	836.9	543.8
Total parent's deficit	(5,815.8)	(13,211.6)
Noncontrolling interests	87.0	21.8
Total owners' deficit	(5,728.8)	(13,189.8)
Total liabilities and owners' deficit	€ 8,602.6	€ 9,731.3

(a) As retrospectively revised – see note 3.

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31,	
	2015	**2014 (a)**
	in millions	
Revenue (notes 9 and 11)	€ 628.1	€ 574.6
Operating costs and expenses:		
Operating (other than depreciation and amortization) (note 9)	208.1	188.5
Selling, general and administrative (**SG&A**) (including share-based compensation) (note 9)	96.0	79.9
Related-party fees and allocations, net (note 9)	65.4	62.9
Depreciation and amortization	143.6	127.9
Impairment, restructuring and other operating items, net	10.0	(0.8)
	523.1	458.4
Operating income	105.0	116.2
Non-operating income (expense):		
Interest expense:		
Third-party	(112.1)	(136.8)
Related-party (note 9)	(221.0)	(254.1)
Interest income (note 9)	8.0	43.0
Realized and unrealized losses on derivative instruments, net (note 4)	(198.0)	(71.1)
Foreign currency transaction losses, net	(194.1)	(3.6)
Losses on debt modification and extinguishment, net (note 7)	(128.5)	(12.0)
Other income, net	0.3	—
	(845.4)	(434.6)
Loss before income taxes	(740.4)	(318.4)
Income tax expense (note 8)	(36.7)	(20.1)
Net loss	(777.1)	(338.5)
Net earnings attributable to noncontrolling interests	(3.9)	(2.1)
Net loss attributable to parent	€ (781.0)	€ (340.6)

(a) As retrospectively revised – see note 3.

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited)

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Net loss	€ (777.1)	€ (338.5)
Other comprehensive earnings - foreign currency translation adjustments	297.6	8.5
Other	(1.4)	—
Comprehensive loss	(480.9)	(330.0)
Comprehensive earnings attributable to noncontrolling interests	(7.0)	(2.2)
Comprehensive loss attributable to parent	€ (487.9)	€ (332.2)

(a) As retrospectively revised – see note 3.

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENT OF OWNERS' DEFICIT
(unaudited)

	Parent's deficit				
	Distributions and accumulated losses in excess of contributions	Accumulated other comprehensive earnings, net of taxes	Total parent's deficit	Non-controlling interests	Total owners' deficit
			in millions		
Balance at January 1, 2015 (a)	€ (13,755.4)	€ 543.8	€ (13,211.6)	€ 21.8	€ (13,189.8)
Net loss	(781.0)	—	(781.0)	3.9	(777.1)
Other comprehensive earnings	—	293.1	293.1	3.1	296.2
Consideration received in connection with the UPC NL Transfer (note 3)	5,371.8	—	5,371.8	—	5,371.8
Consideration received in connection with the UPC Ireland Transfer (note 3)	1,087.7	—	1,087.7	—	1,087.7
Deemed contributions from other subsidiaries of Liberty Global (note 9)	953.4	—	953.4	—	953.4
Deemed contribution in connection with novation of third-party debt to another Liberty Global subsidiary (note 9)	689.2	—	689.2	—	689.2
Deemed distributions to other subsidiaries of Liberty Global (note 9)	(230.9)	—	(230.9)	—	(230.9)
Impact of consolidation of UMI (note 7)	—	—	—	62.8	62.8
Deemed contribution of technology-related services (note 9)	8.1	—	8.1	—	8.1
Property and equipment contributed by parent company (notes 6 and 9)	4.4		4.4		4.4
Share-based compensation	1.8	—	1.8	—	1.8
Capital charge in connection with the exercise of share-based incentive awards (note 9)	(1.8)	—	(1.8)	—	(1.8)
Other	—	—	—	(4.6)	(4.6)
Balance at March 31, 2015	€ (6,652.7)	€ 836.9	€ (5,815.8)	€ 87.0	€ (5,728.8)

(a) As retrospectively revised – see note 3.

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Cash flows from operating activities:		
Net loss	€ (777.1)	€ (338.5)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Share-based compensation expense	1.8	1.9
Related-party fees and allocations, net	65.4	62.9
Depreciation and amortization	143.6	127.9
Impairment, restructuring and other operating items, net	10.0	(0.8)
Non-cash interest on related-party loans	221.0	254.1
Amortization of deferred financing costs and non-cash interest accretion	4.3	4.0
Realized and unrealized losses on derivative instruments, net	198.0	71.1
Foreign currency transaction losses, net	194.1	3.6
Losses on debt modification and extinguishment, net	128.5	12.0
Deferred income tax expense	21.8	1.8
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions	(191.4)	(266.0)
Net cash provided (used) by operating activities	20.0	(66.0)
Cash flows from investing activities:		
Capital expenditures	(25.1)	(48.2)
Sale of related-party receivable	—	323.3
Other investing activities, net	(61.3)	18.9
Net cash provided (used) by investing activities	€ (86.4)	€ 294.0

(a) As retrospectively revised – see note 3.

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(unaudited)

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Cash flows from financing activities:		
Repayments and repurchases of third-party debt and capital lease obligations	€ (3,116.1)	€ (646.1)
Borrowings of third-party debt	667.9	5.0
Borrowings of related-party debt, net	2,911.8	646.9
Net cash paid related to derivative instruments	(380.3)	(37.8)
Payment of financing costs and debt premiums	(110.6)	(0.4)
Change in cash collateral	51.5	—
Deemed contributions from (deemed distributions to) other Liberty Global subsidiaries, net	0.5	(325.6)
Repayment of an advance from a related party	—	(314.7)
Other financing activities, net	(0.2)	(0.2)
Net cash provided (used) by financing activities	24.5	(672.9)
Effect of exchange rate changes on cash	35.4	(1.6)
Net decrease in cash and cash equivalents	(6.5)	(446.5)
Cash and cash equivalents:		
Beginning of period	51.3	461.7
End of period	€ 44.8	€ 15.2
Cash paid for interest	€ 217.5	€ 210.3
Net cash paid for taxes	€ 23.1	€ 4.1

(a) As retrospectively revised – see note 3.

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

(1) Basis of Presentation

UPC Holding B.V. (**UPC Holding**) is a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**). In these notes, the terms "we," "our," "our company" and "us" may refer, as the context requires, to UPC Holding or collectively to UPC Holding and its subsidiaries.

As of March 31, 2015, we provided (i) video, broadband internet and fixed-line telephony services in seven European countries and (ii) mobile services in four European countries. We also provide direct-to-home satellite (**DTH**) services to customers in the Czech Republic, Hungary, Romania and Slovakia through a Luxembourg-based organization that we refer to as "**UPC DTH**."

During the first quarter of 2015, Liberty Global undertook various financing transactions in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. These internal reorganizations include (i) the UPC NL Transfer, (ii) the UPC Ireland Transfer and (iii) the Corporate Entities Transfer, (together, the **UPC Transfers**) each as defined and described in note 3. We have accounted for the **UPC Transfers** as common control transfers at carryover basis and, accordingly, our condensed consolidated financial statements have been retrospectively revised to give effect to these transactions for all periods presented.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (**U.S. GAAP**). Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2014 annual report.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright costs, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, share-based compensation and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

Unless otherwise indicated, ownership percentages and convenience translations into euros are calculated as of March 31, 2015.

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

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through May 29, 2015, the date of issuance.

(2) Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the **FASB**) issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (**ASU 2014-09**), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace existing revenue recognition guidance in U.S. GAAP when it becomes effective, currently scheduled for January 1, 2017, although an extension to January 1, 2018 has been proposed by the FASB. Early application is not permitted. This new standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

(3) Common Control Transfer

During the first quarter of 2015, we completed (i) the transfer of UPC Nederland B.V. (**UPC Nederland**) and its subsidiaries from our company to another subsidiary of Liberty Global outside of UPC Holding (the **UPC NL Transfer**), (ii) the transfer of UPC Broadband Ireland Ltd. (**UPC Ireland**) and its subsidiaries from our company to certain subsidiaries of Liberty Global outside of UPC Holding (the **UPC Ireland Transfer**) and (iii) the transfer of Liberty Global Services II B.V. (**Liberty Global Services II**) and Liberty Global Operations B.V. (**Liberty Global Operations**) from our company to certain other subsidiaries of Liberty Global outside of UPC Holding (the **Corporate Entities Transfer**). We have accounted for these transactions as common control transfers at carryover basis and the applicable prior period information has been retrospectively revised to give effect to these transactions for all periods presented.

The UPC NL Transfer comprised the transfer of 100% of the shares of UPC Nederland for total consideration of €5,371.8 million and the UPC Ireland Transfer comprised the transfer of 100% of the shares of UPC Ireland for total consideration of €1,087.7 million. Each of these amounts was settled through non-cash reductions to the Shareholder Loan (as defined and described in note 7) during the first quarter of 2015. The Corporate Entities Transfer comprised the distribution of 100% of the shares of (i) Liberty Global Services II and (ii) Liberty Global Operations for nominal value.

In connection with the UPC Ireland Transfer, we transferred the right to receive €634.3 million from UPC Ireland pursuant to a promissory note (the **UPC Ireland Note**) to another Liberty Global subsidiary in exchange for a €634.3 million non-cash reduction of the Shareholder Loan.

The following table sets forth the retrospective effects of the above-described common control transfers on our December 31, 2014 condensed consolidated balance sheet:

	As previously reported	UPC NL Transfer	UPC Ireland Transfer	Corporate Entities Transfer	As retrospectively revised
			in millions		
Current assets	€ 984.8	€ (79.0)	€ (20.2)	€ 186.9	€ 1,072.5
Property and equipment, net	€ 3,802.5	€ (861.0)	€ (358.8)	€ (343.6)	€ 2,239.1
Goodwill	€ 5,139.0	€ (914.3)	€ (180.2)	€ —	€ 4,044.5
Total assets	€ 10,574.2	€ 1,435.7	€ (131.9)	€ (2,146.7)	€ 9,731.3
Current liabilities	€ 2,654.9	€ (285.3)	€ (85.1)	€ (75.6)	€ 2,208.9
Long-term debt and capital lease obligations	€ 17,796.9	€ 1,669.2	€ —	€ —	€ 19,466.1
Total liabilities	€ 21,562.8	€ 1,509.6	€ (128.6)	€ (22.7)	€ 22,921.1
Parent's deficit	€ (11,010.4)	€ (73.9)	€ (3.3)	€ (2,124.0)	€ (13,211.6)
Owners' deficit	€ (10,988.6)	€ (73.9)	€ (3.3)	€ (2,124.0)	€ (13,189.8)
Total liabilities and owners' deficit	€ 10,574.2	€ 1,435.7	€ (131.9)	€ (2,146.7)	€ 9,731.3

The following table sets forth the retrospective effects of this common control transfer on our operating results:

	Three months ended March 31, 2014				
	As previously reported (a)	UPC NL Transfer	UPC Ireland Transfer	Corporate Entities Transfer	As retrospectively revised
			in millions		
Revenue	€ 894.7	€ (231.4)	€ (86.8)	€ (1.9)	€ 574.6
Operating expenses	€ 306.9	€ (68.6)	€ (34.4)	€ (15.4)	€ 188.5
SG&A expenses	€ 160.7	€ (28.6)	€ (11.6)	€ (40.6)	€ 79.9
Depreciation and amortization expense	€ 214.3	€ (46.0)	€ (15.7)	€ (24.7)	€ 127.9
Non-operating expense, net	€ (446.5)	€ (9.6)	€ 16.1	€ 5.4	€ (434.6)
Income tax expense	€ (20.0)	€ —	€ (0.1)	€ —	€ (20.1)
Net loss	€ (226.1)	€ (76.0)	€ 3.3	€ (39.7)	€ (338.5)
Net loss attributable to parent	€ (228.2)	€ (76.0)	€ 3.3	€ (39.7)	€ (340.6)

(a) Amounts include the impact of a retrospective revision to related-party interest expense on the Shareholder Loan (as defined and described in note 7) for the three months ended March 31, 2014. This retrospective revision decreased our related-party interest expense by €44.6 million from the amount originally reported.

(4) Derivative Instruments

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity. In this regard, through our subsidiaries, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the U.S. dollar (**$**), the euro (**€**), the British pound sterling (**£**), the Swiss franc (**CHF**), the Chilean peso (**CLP**), the Czech koruna (**CZK**), the Hungarian forint (**HUF**), the Polish zloty (**PLN**) and the Romanian lei (**RON**). We generally do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of most of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our condensed consolidated statements of operations.

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	March 31, 2015			December 31, 2014		
	Current	Long-term	Total	Current	Long-term	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (a)	€ 107.1	€ 641.4	€ 748.5	€ 310.2	€ 356.2	€ 666.4
Foreign currency forward contracts	1.2	—	1.2	1.2	—	1.2
Other	1.0	1.2	2.2	0.4	0.7	1.1
Total	€ 109.3	€ 642.6	€ 751.9	€ 311.8	€ 356.9	€ 668.7
Liabilities:						
Cross-currency and interest rate derivative contracts (a)	€ 122.8	€ 1,000.5	€ 1,123.3	€ 662.4	€ 844.0	€ 1,506.4
Foreign currency forward contracts	10.1	—	10.1	0.4	—	0.4
Other	—	—	—	0.2	—	0.2
Total	€ 132.9	€ 1,000.5	€ 1,133.4	€ 663.0	€ 844.0	€ 1,507.0

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(a) We consider credit risk in our fair value assessments. As of March 31, 2015 and December 31, 2014, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €17.4 million and €7.6 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €60.3 million and €33.6 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our subsidiaries' debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in a net gain (loss) of €16.9 million and (€11.0 million) during the three months ended March 31, 2015 and 2014, respectively. These amounts are included in realized and unrealized losses on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

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

	Three months ended March 31,	
	2015	2014
	in millions	
Cross-currency and interest rate derivative contracts	€ (196.4)	€ (78.4)
Foreign currency forward contracts	(2.8)	7.7
Other	1.2	(0.4)
Total	€ (198.0)	€ (71.1)

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed consolidated statements of cash flows based on the objective of the derivative instrument and the classification

of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these cash outflows is as follows:

	Three months ended March 31,	
	2015	2014
	in millions	
Operating activities	€ (103.8)	€ (142.8)
Financing activities	(380.3)	(37.8)
Total	€ (484.1)	€ (180.6)

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At March 31, 2015, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €729.7 million.

Details of our Derivative Instruments

In the following tables, we present the details of the various categories of our derivative instruments, all of which are held by our subsidiary, UPC Broadband Holding B.V. (**UPC Broadband Holding**). The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. In addition, for derivative instruments that were in effect as of March 31, 2015, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to March 31, 2015, we present a range of dates that represents the period covered by the applicable derivative instruments.

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at March 31, 2015, are as follows:

Final maturity date	Notional amount due from counterparty		Notional amount due to counterparty		Interest rate due from counterparty	Interest rate due to counterparty
	in millions					
July 2016 (a)	$	575.0	€	434.1	6 mo. LIBOR + 2.40%	3.78%
July 2016 - July 2018	$	575.0	€	434.1	6 mo. LIBOR + 2.40%	6.68%
July 2021	$	440.0	€	337.2	6 mo. LIBOR + 2.50%	6 mo. EURIBOR + 2.87%
January 2020	$	327.5	€	249.5	6 mo. LIBOR + 4.92%	7.52%
October 2020	$	300.0	€	219.1	6 mo. LIBOR + 3.00%	6 mo. EURIBOR + 3.04%
January 2017 - July 2021	$	262.1	€	194.1	6 mo. LIBOR + 2.50%	6 mo. EURIBOR + 2.51%
July 2018	$	250.0	€	188.7	6 mo. LIBOR + 1.75%	5.91%
November 2019	$	250.0	€	181.5	7.25%	7.74%
November 2021	$	250.0	€	181.4	7.25%	7.50%
January 2020	$	197.5	€	150.5	6 mo. LIBOR + 4.92%	6 mo. EURIBOR + 4.91%
December 2016	$	340.0	CHF	370.9	6 mo. LIBOR + 3.50%	6 mo. CHF LIBOR + 4.01%
January 2017 - July 2021	$	300.0	CHF	278.3	6 mo. LIBOR + 2.50%	6 mo. CHF LIBOR + 2.46%
November 2019	$	250.0	CHF	226.8	7.25%	6 mo. CHF LIBOR + 5.01%
July 2016 (a)	$	225.0	CHF	206.3	6 mo. LIBOR + 4.81%	1.00%
July 2016 - January 2020	$	225.0	CHF	206.3	6 mo. LIBOR + 4.81%	5.44%
July 2021	$	200.0	CHF	186.0	6 mo. LIBOR + 2.50%	6 mo. CHF LIBOR + 2.55%
July 2016 (a)	$	201.5	RON	489.3	6 mo. LIBOR + 3.50%	1.40%
July 2016 - July 2020	$	201.5	RON	489.3	6 mo. LIBOR + 3.50%	11.34%
January 2021	€	720.8	CHF	877.0	6 mo. EURIBOR + 2.50%	6 mo. CHF LIBOR + 2.62%
January 2017 - September 2022	€	383.8	CHF	477.0	6 mo. EURIBOR + 2.00%	6 mo. CHF LIBOR + 2.22%
January 2017	€	360.4	CHF	589.0	6 mo. EURIBOR + 3.75%	6 mo. CHF LIBOR + 3.94%
April 2018	€	285.1	CHF	346.7	10.51%	9.87%

Final maturity date	Notional amount due from counterparty		Notional amount due to counterparty		Interest rate due from counterparty	Interest rate due to counterparty
	in millions					
January 2020	€	175.0	CHF	258.6	7.63%	6.76%
July 2021	€	161.4	CHF	187.1	6 mo. EURIBOR + 2.35%	6 mo. CHF LIBOR + 2.76%
July 2020	€	107.4	CHF	129.0	6 mo. EURIBOR + 3.00%	6 mo. CHF LIBOR + 3.28%
January 2017	€	75.0	CHF	110.9	7.63%	6.98%
December 2015	€	69.1	CLP	53,000.0	3.50%	5.75%
January 2020	€	318.9	CZK	8,818.7	5.58%	5.44%
January 2017	€	60.0	CZK	1,703.1	5.50%	6.99%
July 2017	€	39.6	CZK	1,000.0	3.00%	3.75%
July 2016 (a)	€	260.0	HUF	75,570.0	5.50%	5.00%
July 2016 - January 2017	€	260.0	HUF	75,570.0	5.50%	10.56%
December 2016	€	150.0	HUF	43,367.5	5.50%	2.00%
July 2018	€	78.0	HUF	19,500.0	5.50%	9.15%
January 2017	€	245.0	PLN	1,000.6	5.50%	9.03%
September 2016	€	200.0	PLN	892.7	6.00%	3.91%
January 2020	€	144.6	PLN	605.0	5.50%	7.98%
July 2017	€	82.0	PLN	318.0	3.00%	5.60%
December 2015	CLP	53,000.0	€	69.1	5.75%	3.50%

(a) Unlike the other cross-currency swaps presented in this table, the identified cross-currency swaps do not involve the exchange of notional amounts at the inception and maturity of the instruments. Accordingly, the only cash flows associated with these instruments are interest payments and receipts.

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at March 31, 2015, are as follows:

Final maturity date	Notional amount		Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
July 2020	$	1,000.0	6.63%	6 mo. LIBOR + 3.03%
January 2022	$	750.0	6.88%	6 mo. LIBOR + 4.89%
July 2020	€	750.0	6.38%	6 mo. EURIBOR + 3.16%
July 2016	€	631.3	6 mo. EURIBOR	0.20%
July 2016 - January 2021	€	250.0	6 mo. EURIBOR	2.52%
July 2016 - January 2023	€	210.0	6 mo. EURIBOR	2.88%
July 2016 - July 2020	€	171.3	6 mo. EURIBOR	3.95%
November 2021	€	107.0	6 mo. EURIBOR	2.89%
July 2016	CHF	900.0	6 mo. CHF LIBOR	0.05%
January 2022	CHF	711.5	6 mo. CHF LIBOR	1.89%
July 2016 - January 2021	CHF	500.0	6 mo. CHF LIBOR	1.65%
July 2016 - January 2018	CHF	400.0	6 mo. CHF LIBOR	2.51%
December 2016	CHF	370.9	6 mo. CHF LIBOR	3.82%
November 2019	CHF	226.8	6 mo. CHF LIBOR + 5.01%	6.88%

Interest Rate Cap

Our sold interest rate cap contract with respect to EURIBOR at March 31, 2015, is detailed below:

Final maturity date	Notional amount		EURIBOR cap rate
	in millions		
January 2020 (a)	€	735.0	7.00%

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(a) Represents a sold interest rate cap, which requires that we make payments to the counterparty when EURIBOR exceeds the EURIBOR cap rate.

Interest Rate Collars

Our interest rate collar contracts establish floor and cap rates with respect to EURIBOR on the indicated notional amounts at March 31, 2015, as detailed below:

Final maturity date	Notional amount		EURIBOR floor rate (a)	EURIBOR cap rate (b)
	in millions			
January 2020	€	1,135.0	1.00%	3.54%

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(a) We make payments to the counterparty when EURIBOR is less than the EURIBOR floor rate.

(b) We receive payments from the counterparty when EURIBOR is greater than the EURIBOR cap rate.

Foreign Currency Forwards

The following table summarizes our outstanding foreign currency forward contracts, at March 31, 2015:

Maturity dates	Currency purchased forward		Currency sold forward	
	in millions			
April 2015 - March 2016	$	22.2	CZK	540.0
April 2015 - March 2016	€	97.5	CHF	109.5
April 2015 - March 2016	€	19.5	CZK	540.0
April 2015 - March 2016	€	19.3	HUF	6,000.0
April 2015 - December 2015	€	42.6	PLN	180.0
April 2015 - March 2016	€	39.2	RON	175.2
April 2015 - March 2016	£	3.6	€	4.8
April 2015	CZK	249.0	€	9.0
April 2015	HUF	1,950.0	€	6.5
April 2015	PLN	79.5	€	19.4

(5) Fair Value Measurements

We use the fair value method to account for our derivative instruments. The reported fair values of these derivative instruments as of March 31, 2015 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the three months ended March 31, 2015, no such transfers were made.

All of our Level 2 inputs (interest rate futures and swap rates) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

As further described in note 4, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes most interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would

not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 4.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of reporting units, customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of private reporting units is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During the three months ended March 31, 2015 and 2014, we did not perform significant nonrecurring fair value measurements.

At March 31, 2015 and December 31, 2014, all of our derivative instruments fell under Level 2 of the fair value hierarchy.

(6) Long-lived Assets

Property and Equipment, Net

The details of our property and equipment and the related accumulated depreciation are set forth below:

	March 31, 2015	December 31, 2014 (a)
	in millions	
Distribution systems	€ 3,692.4	€ 3,350.8
Customer premises equipment	1,154.7	1,079.0
Support equipment, buildings and land	397.2	364.0
	5,244.3	4,793.8
Accumulated depreciation	(2,844.7)	(2,554.7)
Total property and equipment, net	€ 2,399.6	€ 2,239.1

(a) As retrospectively revised – see note 3.

During the three months ended March 31, 2015 and 2014, we recorded non-cash increases to our property and equipment related to (i) certain vendor financing arrangements of €122.3 million and €80.4 million, respectively, and (ii) assets acquired under capital leases of €0.4 million and €0.1 million, respectively. Furthermore, during the three months ended March 31, 2015 and 2014, we recorded non-cash increases to our property and equipment of €4.4 million and €5.2 million, respectively, related to assets acquired on our behalf pursuant to vendor financing and capital lease arrangements of Liberty Global B.V. (**LG B.V.**), a subsidiary of Liberty Global that is outside of UPC Holding. For additional information, see notes 7 and 9.

Goodwill

Changes in the carrying amount of our goodwill during the three months ended March 31, 2015 are set forth below:

	January 1, 2015 (a)	Acquisitions and related adjustments	Foreign currency translation adjustments	March 31, 2015
	in millions			
Switzerland/Austria	€ 2,968.4	€ —	€ 359.8	€ 3,328.2
Central and Eastern Europe	1,076.1	0.5	36.8	1,113.4
Total	€ 4,044.5	€ 0.5	€ 396.6	€ 4,441.6

(a) As retrospectively revised – see note 3.

Intangible Assets Subject to Amortization, Net

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

	March 31, 2015			December 31, 2014 (a)		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships	€ 642.2	€ (499.5)	€ 142.7	€ 594.4	€ (446.5)	€ 147.9
Other	3.9	(2.3)	1.6	3.8	(2.1)	1.7
Total	€ 646.1	€ (501.8)	€ 144.3	€ 598.2	€ (448.6)	€ 149.6

(a) As retrospectively revised – see note 3.

(7) Debt and Capital Lease Obligations

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

	March 31, 2015		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	March 31, 2015	December 31, 2014 (e)	March 31, 2015	December 31, 2014 (e)
				in millions		
Third-party debt:						
Parent - UPC Holding Senior Notes	6.59%	€ —	€ 1,509.8	€ 2,151.7	€ 1,381.0	€ 1,976.6
Subsidiaries:						
UPC Broadband Holding Bank Facility	3.25%	846.2	1,407.1	2,608.6	1,413.7	2,627.4
UPCB SPE Notes	6.85%	—	2,677.3	3,536.3	2,520.3	3,313.4
Vendor financing (f)	3.35%	—	410.7	345.1	410.7	345.1
Total third-party debt	5.65%	846.2	€ 6,004.9	€ 8,641.7	5,725.7	8,262.5
Related-party debt (note 9):						
Shareholder Loan (g)	9.79%	—	(h)	(h)	5,503.9	9,752.7
UPC Nederland Loans (i)	8.00%	—	(h)	(h)	—	1,775.2
Other (j)	9.29%	—	(h)	(h)	176.4	—
Total related-party debt	9.77%	—			5,680.3	11,527.9
Total debt	7.70%	€ 846.2			11,406.0	19,790.4
Capital lease obligations					25.6	22.8
Total debt and capital lease obligations					11,431.6	19,813.2
Current maturities					(612.9)	(347.1)
Long-term debt and capital lease obligations					€ 10,818.7	€ 19,466.1

(a) Represents the weighted average interest rate in effect at March 31, 2015 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 5.8% at March 31, 2015. For information regarding our derivative instruments, see note 4.

(b) Unused borrowing capacity represents the maximum availability under the UPC Broadband Holding Bank Facility (as defined and described below) at March 31, 2015 without regard to covenant compliance calculations or other conditions precedent to borrowing. At March 31, 2015, based on the applicable leverage and other financial covenants, the full amount of unused borrowing capacity under the UPC Broadband Holding Bank Facility was available to be borrowed. When the relevant March 31, 2015 compliance reporting requirements have been completed and assuming no changes from March 31, 2015 borrowing levels, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €769.9 million. For information regarding certain transactions completed subsequent to March 31, 2015 that could have an impact on unused borrowing capacity, see note 12.

(c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 5.

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

(e) As retrospectively revised – see note 3.

(f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions. These obligations are generally due within one year. At March 31, 2015 and December 31, 2014, the amounts owed pursuant to these arrangements include €4.7 million and €4.6 million, respectively, related to third-party vendor financing obligations for which we and LG B.V. are co-obligors. We expect to cash settle the co-obligor obligations with LG B.V. in advance of when we and LG B.V. are required to settle the obligations with the applicable third parties. Our cash payments to LG B.V. will be reflected as cash capital expenditures in our condensed consolidated statements of cash flows and any cash payments made prior to the settlement of the related co-obligor obligation will be reflected in our related-party accounts receivable from LG B.V. in our condensed consolidated balance sheets. In addition, the March 31, 2015 and December 31, 2014 amounts include €37.9 million and €27.8 million, respectively, of value-added taxes (**VAT**) that was paid on our behalf by the vendor. Repayments of vendor financing obligations other than the co-obligor obligations are included in repayments and repurchases of debt and capital lease obligations in our condensed consolidated statements of cash flows.

(g) UPC Holding has an unsecured shareholder loan (the **Shareholder Loan**) with Liberty Global Europe Financing B.V. (**LGE Financing**), which, as amended, is scheduled to be repaid in 2030 and is subordinated in right of payment to the prior payment in full of the UPC Holding Senior Notes in the event of (i) a total or partial liquidation, dissolution or winding up of UPC Holding, (ii) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to UPC Holding or its property, (iii) an assignment for the benefit of creditors or (iv) any marshaling of UPC Holding's assets or liabilities. Accrued interest is included in other long-term liabilities until the end of each fiscal year and then it is transferred to the loan balance. The interest rate on the Shareholder Loan is a fixed rate of 9.79%. The net decrease in the Shareholder Loan balance during the first three months of 2015 includes (a) a net €5,901.8 million non-cash decrease related to the UPC Transfers, including (1) a decrease of €5,371.8 million related to the non-cash consideration received for the UPC NL Transfer, (2) a decrease of €1,087.7 million related to the non-cash consideration received for the UPC Ireland Transfer, (3) a decrease of €634.3 million related to the transfer of the UPC Ireland Note and (4) an increase of €1,192.0 million related to the non-cash transfer of an amount payable to another Liberty Global subsidiary into the Shareholder Loan, (b) cash borrowings of €3,497.2 million, (c) cash payments of €1,848.1 million and (d) a €3.9 million non-cash increase related to the settlement of related-party charges and allocations. The transferred payable was established through the receipt of cash that was subsequently applied to repay a portion of our third-party debt in connection with the UPC NL Transfer. During the three months ended March 31, 2015 and 2014, none of our Shareholder Loan repayments represented payments of interest.

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

(i) The December 31, 2014 amount relates to loans from certain subsidiaries of UPC Nederland that, prior to the UPC NL Transfer, were eliminated in consolidation. These loans were settled during the first quarter of 2015, as further discussed in note 9.

(j) Represents borrowings under a loan agreement (the **UPC Equipment Note**) between a subsidiary of Liberty Global and our subsidiary, UPC Equipment B.V. (**UPC Equipment**). The UPC Equipment Note bears interest at 9.29% as of March 31, 2015 and matures in March 2032. Accrued and unpaid interest on these notes may, at the option of UPC Equipment, (i) be payable on the last day of each month and on the date of each full or partial repayment of the outstanding principal, (ii) be added to the outstanding principal amount on January 1 of each year or (iii) be payable in any other manner as communicated and agreed by the respective parties. UPC Equipment, together with its immediate parent entity (together, the **UPC Leasing Entities**), and Unitymedia International GmbH (**UMI**), a subsidiary of Liberty Global that is outside of UPC Holding, were formed for the purpose of acquiring and legally owning certain customer premises equipment assets to be leased to UPC Nederland. Prior to the UPC NL Transfer, although UPC Holding had no equity or voting interest in UMI, the leasing transactions between (a) UMI and the UPC Leasing Entities and (b) UPC Nederland and, to a much lesser extent, certain of our other subsidiaries, created variable interests in UMI for which UPC Nederland was the primary beneficiary, as

contemplated by U.S. GAAP. As such, UPC Nederland and UPC Holding was required to consolidate UMI through December 31, 2014. During the first quarter of 2015, we completed the UPC NL Transfer and, accordingly, as this transaction was accounted for as a common control transfer with retrospective application for all periods presented, UMI and the UPC Leasing Entities were no longer consolidated by UPC Holding through December 31, 2014. The leasing transactions between UPC Nederland, UMI and the UPC Leasing Entities were unwound during the first quarter of 2015. The remaining transactions between UMI, the UPC Leasing Entities and certain of our other subsidiaries creates a variable interest in UMI and the UPC Leasing Entities for which we are the primary beneficiary and, accordingly, UPC Holding is required to consolidate UMI effective on January 1, 2015. Upon consolidation of the UPC Leasing Entities, we recognized an initial loan balance of €78.6 million. The increase in the aggregate balance of the UPC Equipment Note during the first three months of 2015 includes (1) cash borrowings of €181.0 million, (2) cash payments of €88.9 million and (3) the transfer of €5.7 million in non-cash accrued interest to the loan balance.

UPC Broadband Holding Bank Facility

The UPC Broadband Holding Bank Facility, as amended, is the senior secured credit facility of UPC Broadband Holding. The details of our borrowings under the UPC Broadband Holding Bank Facility as of March 31, 2015 are summarized in the following table:

Facility	Maturity	Interest rate	Facility amount (in borrowing currency) (a)	Unused borrowing capacity (b)	Carrying value
				in millions	
Y (c)	July 1, 2020	6.375%	€ 190.0	€ —	€ 190.0
Z (c)	July 1, 2020	6.625%	$ 1,000.0	—	932.1
AC (c)	November 15, 2021	7.250%	$ 750.0	—	699.1
AD (c)	January 15, 2022	6.875%	$ 750.0	—	699.1
AH (d)	June 30, 2021	LIBOR + 2.50% (e)	$ 1,305.0	—	1,213.7
AI	April 30, 2019	EURIBOR + 3.25%	€ 1,046.2	846.2	200.0
Elimination of Facilities Y, Z, AC and AD in consolidation (c)				—	(2,520.3)
Total				€ 846.2	€ 1,413.7

(a) Except as described in (d) below, amounts represent total third-party facility amounts at March 31, 2015 without giving effect to the impact of discounts.

(b) At March 31, 2015, we had no limitation on our availability under the UPC Broadband Holding Bank Facility. When the relevant March 31, 2015 compliance reporting requirements have been completed and assuming no changes from the March 31, 2015 borrowing levels, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €769.9 million. Facility AI has a fee on unused commitments of 1.3% per year.

(c) Amounts relate to certain senior secured notes (the **UPCB SPE Notes**) issued by special purpose financing entities (the **UPCB SPEs**) that are consolidated by UPC Holding. The proceeds from the UPCB SPE Notes were used to fund additional Facilities Y, Z, AC and AD, with our wholly-owned subsidiary, UPC Financing Partnership (**UPC Financing**), as the borrower. Accordingly, the amounts outstanding under Facilities Y, Z, AC and AD are eliminated in our condensed consolidated financial statements.

(d) The carrying value of Facility AH includes the impact of a discount.

(e) Facility AH has a LIBOR floor of 0.75%.

Refinancing Transactions. During the first quarter of 2015, UPC Holding used the cash consideration received in connection with the UPC NL Transfer and the UPC Ireland Transfer to prepay (i) in full the €500.0 million outstanding principal amount of

Facility V under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and the related prepayment premium to UPCB Finance I Limited (**UPCB Finance I**) and, in turn UPCB Finance I used such proceeds to fully redeem its €500.0 million aggregate principal amount of 7.625% senior secured notes (the **UPCB Finance I Notes**), (ii) €560.0 million of the outstanding principal amount of Facility Y under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and the related prepayment premium to UPCB Finance II Limited (**UPCB Finance II**) and, in turn UPCB Finance II used such proceeds to redeem €560.0 million of its €750.0 million aggregate principal amount of 6.375% senior secured notes (the **UPCB Finance II Notes**) and (iii) the remaining €870.2 million outstanding principal amount of Facility AG under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest. In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of €66.7 million. This loss includes (a) the payment of €47.8 million of redemption premium, (b) the write-off of €14.7 million of deferred financing costs and (c) the write-off of €4.2 million of unamortized discount.

For information regarding certain financing transactions completed subsequent to March 31, 2015 that impact the UPC Broadband Holding Bank Facility, see note 12.

UPC Holding Senior Notes

The details of the UPC Holding Senior Notes as of March 31, 2015 are summarized in the following table:

UPC Holding Senior Notes	Maturity	Outstanding principal amount			
		Borrowing currency	Euro equivalent	Estimated fair value	Carrying value
			in millions		
UPC Holding 6.375% Senior Notes (a)	September 15, 2022	€ 600.0	€ 600.0	€ 646.5	€ 595.6
UPC Holding 6.75% Euro Senior Notes	March 15, 2023	€ 450.0	450.0	493.0	450.0
UPC Holding 6.75% CHF Senior Notes	March 15, 2023	CHF 350.0	335.4	370.3	335.4
Total			€ 1,385.4	€ 1,509.8	€ 1,381.0

(a) The carrying value of the UPC Holding 6.375% Senior Notes includes the impact of a discount.

Refinancing Transaction. During the first quarter of 2015, in connection with the UPC Ireland Transfer, UPC Holding used proceeds received to redeem in full the €640.0 million principal amount of 8.375% senior notes due August 15, 2020 (the **UPC Holding 8.375% Senior Notes**). In connection with this transaction, we recognized a loss on debt modification and extinguishment, net, of €61.8 million, including (i) the payment of €52.8 million of redemption premium and (ii) the write-off of €9.0 million of deferred financing costs.

UPCB SPE Notes

The details of the UPCB SPE Notes as of March 31, 2015 are summarized in the following table:

UPCB SPEs	Maturity	Interest rate	Outstanding principal amount: Borrowing currency	Outstanding principal amount: Euro equivalent	Estimated fair value	Carrying value
				in millions		
UPCB Finance II Notes	July 1, 2020	6.375%	€ 190.0	€ 190.0	€ 198.1	€ 190.0
UPCB Finance III Notes	July 1, 2020	6.625%	$ 1,000.0	932.1	971.8	932.1
UPCB Finance V Notes	November 15, 2021	7.250%	$ 750.0	699.1	755.0	699.1
UPCB Finance VI Notes	January 15, 2022	6.875%	$ 750.0	699.1	752.4	699.1
Total				€ 2,520.3	€ 2,677.3	€ 2,520.3

For information regarding certain financing transactions completed subsequent to March 31, 2015 that impact the UPCB SPE Notes, see note 12.

Maturities of Debt and Capital Lease Obligations

Maturities of our debt and capital lease obligations as of March 31, 2015 are presented below and such amounts represent euro equivalents based on March 31, 2015 exchange rates:

Debt:

	Third-party debt (a)	Shareholder Loan and related-party debt	Total
		in millions	
Year ending December 31:			
2015 (remainder of year)	€ 533.3	€ —	€ 533.3
2016	77.4	—	77.4
2017	—	—	—
2018	—	—	—
2019	—	—	—
2020	1,122.1	—	1,122.1
Thereafter	4,000.0	5,680.3	9,680.3
Total debt maturities	5,732.8	5,680.3	11,413.1
Unamortized discount	(7.1)	—	(7.1)
Total debt	€ 5,725.7	€ 5,680.3	€ 11,406.0
Current portion (b)	€ 610.7	€ —	€ 610.7
Noncurrent portion	€ 5,115.0	€ 5,680.3	€ 10,795.3

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

(b) The outstanding principal amount of Facility AI under the UPC Broadband Holding Bank Facility is included in our current debt maturities.

Capital lease obligations (in millions):

Year ending December 31:		
2015 (remainder of year)	€	3.4
2016		4.0
2017		4.0
2018		3.4
2019		2.8
2020		2.3
Thereafter		18.0
Total principal and interest payments		37.9
Amounts representing interest		(12.3)
Present value of net minimum lease payments	€	25.6
Current portion	€	2.2
Noncurrent portion	€	23.4

Non-cash Refinancing Transactions

During the three months ended March 31, 2015 and 2014, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating €1,378.4 million and €1,005.3 million, respectively.

(8) Income Taxes

Income tax expense attributable to our loss before income taxes differs from the amounts computed using the Dutch income tax rate of 25.0%, as a result of the following factors:

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Computed "expected" tax benefit	€ 185.1	€ 79.6
Change in valuation allowances	(209.0)	(86.5)
Non-deductible or non-taxable interest and other expenses	(20.2)	(12.9)
Other, net	7.4	(0.3)
Total income tax expense	€ (36.7)	€ (20.1)

(a) As retrospectively revised – see note 3.

(9) Related-party Transactions

Our related-party transactions are as follows:

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Revenue	€ 0.4	€ 1.2
Operating expenses	(9.8)	(11.0)
SG&A expenses	(0.9)	1.8
Allocated share-based compensation expense	(1.8)	(1.9)
Fees and allocations, net:		
Operating and SG&A related (exclusive of depreciation and share-based compensation)	(26.3)	(24.4)
Depreciation and share-based compensation	(25.3)	(14.7)
Management fee	(13.8)	(23.8)
Total fees and allocations, net	(65.4)	(62.9)
Included in operating income	(77.5)	(72.8)
Interest expense	(221.0)	(254.1)
Interest income	7.6	42.6
Included in net loss	€ (290.9)	€ (284.3)
Property and equipment additions, net	€ (50.1)	€ (34.8)

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(a) As retrospectively revised – see note 3.

General. Certain Liberty Global subsidiaries charge fees and allocate costs and expenses to UPC Holding. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Through June 30, 2014, our related-party operating and SG&A expenses and our related-party fees and allocations generally were based on our company's estimated share of the applicable estimated costs (including personnel-related and other costs associated with the services provided) incurred by the other applicable Liberty Global subsidiaries. The estimated amounts charged were reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The revision to reflect the actual costs underlying our related-party fees and allocations for 2013 amounted to an increase of €5.1 million in our billings from a subsidiary of Liberty Global, which was recorded during the first quarter of 2014. The revision to reflect actual costs for our related-party operating and SG&A expenses for 2013 was not material. During the third quarter of 2014, Liberty Global and its subsidiaries began basing the fees charged and amounts allocated on actual costs incurred. As a result, during the third quarter of 2014, we recorded a €14.1 million increase to the fees and allocations charged to our company by a subsidiary of Liberty Global to reflect the impact of this change in methodology as of January 1, 2014. The impact of this change in methodology on our related-party operating and SG&A expenses was not material. Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

In connection with the Corporate Entities Transfer, Liberty Global changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another, which, as further described below, impact the calculation of the "EBITDA" metric specified by our debt agreements (**Covenant EBITDA**). This new methodology (the **2015 Liberty Global Allocation Methodology**) is intended to ensure that Liberty Global continues to allocate its central and administrative costs to its borrowing groups on a fair and rational basis. Subject to the specific terms contained in our debt agreements, the implementation of the 2015 Liberty Global Allocation Methodology impacts the calculation of Covenant EBITDA for our company. In this regard, the

components of related-party fees and allocations that are deducted to arrive at Covenant EBITDA are based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to our company would decrease (increase). Prior to the Corporate Entities Transfer, UPC Holding charged fees and allocated costs and expenses from our company to other Liberty Global subsidiaries. As a result of the Corporate Entities Transfer, UPC Holding began receiving charges effective January 1, 2015 for fees and allocated costs and expenses from another Liberty Global subsidiary.

Revenue. Amounts consist primarily of B2B related services and network maintenance services provided to certain non-consolidated affiliates and, prior to the January 31, 2014 sale (the **Chellomedia Sale Date**) by Liberty Global of substantially all of the assets of Chellomedia B.V. (**Chellomedia**), programming services provided to Chellomedia.

Operating expenses. Amounts represent certain cash settled charges from other Liberty Global subsidiaries to UPC Holding and consist of (i) aggregate recharges of network-related and other items from Liberty Global Services II of €8.4 million and €7.5 million for the three months ended March 31, 2015 and 2014, respectively, (ii) programming and digital interactive services provided by Chellomedia until the Chellomedia Sale Date of nil and €2.1 million for the three months ended March 31, 2015 and 2014, respectively, and (iii) programming and interconnect fees charged by certain of Liberty Global's affiliates of €1.4 million and €1.4 million for the three months ended March 31, 2015 and 2014, respectively.

SG&A expenses. Amounts represent certain cash settled charges from other Liberty Global subsidiaries to UPC Holding, primarily for software maintenance services.

Allocated share-based compensation expense. Liberty Global allocates share-based compensation to our company.

Fees and allocations, net. These amounts represent fees charged to UPC Holding that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries. The categories of our fees and allocations, net, are as follows:

- *Operating and SG&A related (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are cash settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.

- *Depreciation and share-based compensation.* The amounts included in this category, which are loan settled, represent our estimated share of (i) depreciation of assets not owned by our company and (ii) share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.

- *Management fee.* The amounts included in this category, which are loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to the stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

During the first three quarters of 2014, a subsidiary of Liberty Global allocated technology-based costs to our company and other Liberty Global subsidiaries based on each subsidiaries' estimated proportionate share of these costs. During the fourth quarter of 2014, the approach used to charge technology-based fees was changed to a royalty-based method that was made retroactively effective to January 1, 2014. For the three months ended March 31, 2015, our €42.8 million proportional share of these technology-based costs was €8.1 million more than the royalty-based technology fee charged under the new approach. Accordingly, the €8.1 million excess has been reflected as a deemed contribution of technology-related services in our condensed consolidated statement of owners' deficit. The charges under the new royalty-based fees are expected to escalate in future periods. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as management fees and added back to arrive at the consolidated EBITDA figure used in our leverage covenant calculations.

Interest expense. Amounts primarily include interest accrued on the Shareholder Loan. Interest expense is accrued and included in other long-term liabilities during the year, and then added to the Shareholder Loan balance at the end of the year. For additional information, see note 7.

Interest income. Amounts primarily include interest income related to receivables from certain subsidiaries of UPC Nederland and UPC Ireland and from Liberty Global Operations that, prior to the UPC Transfers, were eliminated in consolidation. These related-party receivables were settled during the first quarter of 2015, as discussed below.

Property and equipment additions, net. These amounts (i) primarily represent the carrying values of customer premises and network-related equipment acquired from other Liberty Global subsidiaries, including LG B.V., net of the carrying values of equipment transferred to other Liberty Global subsidiaries outside of UPC Holding, and (ii) are generally cash settled.

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

	March 31, 2015	December 31, 2014 (a)
	in millions	
Related-party receivables (b)	€ 425.6	€ 355.9
Other assets (c)	€ 68.1	€ 1,743.9
Accounts payable	€ 41.1	€ 38.0
Accrued liabilities	102.7	60.7
Shareholder Loan (note 7)	5,503.9	9,752.7
Other related-party debt (note 7) (d)	176.4	1,775.2
Other long-term liabilities (e)	377.1	132.7
Total	€ 6,201.2	€ 11,759.3

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(a) As retrospectively revised – see note 3.

(b) Primarily represents (i) €337.3 million and €257.7 million, respectively, of receivables from Liberty Global Services II that arose from our retention of certain third-party liabilities of Liberty Global Services II following the Corporate Entities Transfer and (ii) €56.8 million and €79.0 million, respectively, of receivables due from other Liberty Global subsidiaries related to centrally-procured property and equipment purchased by our company on behalf of these other Liberty Global subsidiaries. These receivables are non-interest bearing and are expected to be cash settled.

(c) The December 31, 2014 amount includes (i) €1,002.3 million due from a subsidiary of UPC Nederland (the **UPC Nederland Receivable**), (ii) €629.7 million related to the UPC Ireland Note and (iii) €106.0 million due from Liberty Global Operations (the **LGO Receivable**). Prior to the UPC Transfers, each of these amounts was eliminated in consolidation. During the first quarter of 2015 and in connection with the UPC Transfers, (a) €881.5 million of the UPC Nederland Receivable was settled against the UPC Broadband Loan Payable (as defined in (d) below) and (b) the €634.3 million then-outstanding balance of the UPC Ireland Note was transferred to another Liberty Global subsidiary in exchange for a non-cash reduction of the Shareholder Loan. In addition, (1) the remaining €120.8 million of the UPC Nederland Receivable, (2) the LGO Receivable and (3) a €4.1 million related-party receivable due from Liberty Global Services II were converted to equity during the first quarter of 2015, and the €230.9 million aggregate amount of these related-party receivables is reflected as a non-cash deemed distribution in our condensed consolidated statement of owners' equity.

(d) The December 31, 2014 amount includes (i) related-party debt of (a) €853.1 million and (b) €103.3 million (together, the **UPC Nederland Loans Payable**) that we owed to certain subsidiaries of UPC Nederland and (ii) €818.8 million of related-party debt (the **UPC Western Europe Loan Payable**) that was owed to a subsidiary of UPC Nederland. Prior to the UPC Transfers, each of these amounts was eliminated in consolidation. During the first quarter of 2015 and in connection with

the UPC Transfers, (1) the €953.4 million then-outstanding balance of the UPC Nederland Loans Payable was converted to equity and is reflected as a non-cash deemed contribution in our condensed consolidated statement of owners' equity and (2) the €881.5 million then-outstanding balance of the UPC Western Europe Loan Payable was settled against a portion of the UPC Nederland Receivable, as described above. In addition, in February 2015, we rolled €689.2 million of our commitments under Facility AG of the UPC Broadband Holding Bank Facility to a subsidiary of UPC Nederland in connection with the UPC NL Transfer. This transaction is reflected as a non-cash deemed contribution in our condensed consolidated statement of owners' equity.

(e) Primarily includes accrued interest on the Shareholder Loan and other related-party loans. In addition, the March 31, 2015 amount includes a €172.5 million related-party payable associated with the novation of certain derivative instruments to another Liberty Global subsidiary in connection with the UPC NL Transfer. This amount was settled in April 2015 through a non-cash increase to the Shareholder Loan. For additional information regarding the Shareholder Loan, see note 7.

During the three months ended March 31, 2015, we recorded aggregate capital charges of €1.8 million in our condensed consolidated statement of owners' deficit in connection with the exercise of Liberty Global share appreciation rights and the vesting of Liberty Global restricted share awards and PSUs held by employees of our subsidiaries. These capital charges, which generally are loan settled, are based on the fair value of the underlying Liberty Global shares on the exercise or vesting date, as applicable.

LG B.V. leases certain property and equipment on our behalf, which is then contributed by LG B.V. to our company. During the three months ended March 31, 2015, LG B.V.'s carrying value in such property and equipment of €4.4 million has been reflected as a decrease to parent's deficit in our condensed consolidated statement of owners' deficit.

(10) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to purchases of customer premises and other equipment, non-cancelable operating leases, network and connectivity commitments, programming contracts and other items. The euro equivalents of such commitments as of March 31, 2015 are presented below:

	Payments due during:							
	Remainder of 2015	2016	2017	2018	2019	2020	Thereafter	Total
	in millions							
Purchase commitments	€ 254.3	€ 30.0	€ 10.8	€ 1.1	€ —	€ —	€ —	€ 296.2
Operating leases	31.3	33.1	26.0	22.7	20.7	17.1	97.2	248.1
Network and connectivity commitments	51.8	35.6	22.1	6.1	5.0	3.8	7.3	131.7
Programming commitments	15.0	10.7	9.2	7.5	2.3	—	—	44.7
Other commitments	101.3	60.3	47.9	34.2	13.5	7.6	15.5	280.3
Total (a)	€ 453.7	€ 169.7	€ 116.0	€ 71.6	€ 41.5	€ 28.5	€ 120.0	€ 1,001.0

(a) The commitments reflected in this table do not reflect any liabilities that are included in our March 31, 2015 condensed consolidated balance sheet.

Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us, including €11.3 million associated with related-party purchase obligations.

Network and connectivity commitments include commitments associated with (i) fiber leasing, (ii) satellite carriage services provided to our company and (iii) commitments associated with our mobile virtual network operator (**MVNO**) agreements. The amounts reflected in the table with respect to certain of our MVNO commitments represent fixed minimum amounts payable under these agreements and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the three months ended March 31, 2015 and 2014, the programming and copyright costs incurred by our broadband communications and DTH operations aggregated €66.9 million and €59.6 million, respectively.

Other commitments relate primarily to (i) obligations associated with information technology and other service agreements and (ii) certain fixed minimum contractual commitments associated with our agreements with municipal authorities. Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2015 and 2014, see note 4.

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

Guarantees and Other Credit Enhancements

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

Legal and Regulatory Proceedings and Other Contingencies

Financial Transactions Tax. Eleven countries in the European Union (**EU**), including Austria and Slovakia, are participating in an enhanced cooperation procedure to introduce a financial transactions tax (the **FTT**). Under the draft language of the FTT proposal, a wide range of financial transactions could be taxed at rates of at least 0.01% for derivative transactions based on the notional amount and 0.1% for other covered financial transactions based on the underlying transaction price. Each of the individual countries would be permitted to determine an exact rate, which could be higher than the proposed rates of 0.01% and 0.1%. Any implementation of the FTT could have a global impact because it would apply to all financial transactions where a financial institution is involved (including unregulated entities that engage in certain types of covered activity) and either of the parties (whether the financial institution or its counterparty) is in one of the eleven participating countries. Although ongoing debate in the relevant countries demonstrates continued momentum around the FTT, uncertainty remains as to when the FTT would be implemented and the breadth of its application. Based on our understanding of the current status of the potential FTT, we do not expect that any implementation of the FTT would occur before 2016. Any imposition of the FTT could increase banking fees and introduce taxes on internal transactions that we currently perform. Due to the uncertainty regarding the FTT, we are currently unable to estimate the financial impact that the FTT could have on our results of operations, cash flows or financial position.

Other Regulatory Issues. Video distribution, broadband internet, fixed-line telephony, mobile and content businesses are regulated in each of the countries in which we operate. The scope of regulation varies from country to country, although in some

significant respects regulation in European markets is harmonized under the regulatory structure of the EU. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

Other: In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues and (iii) disputes over interconnection, programming, copyright and carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(11) Segment Reporting

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

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

During the fourth quarter of 2014, we began presenting (i) our operations in Switzerland and Austria as one combined operating segment and (ii) the operations of UPC DTH as part of our Central and Eastern Europe operating segment. These changes were made as a result of Liberty Global's internal changes in organizational structures, changes in how these segments are evaluated and monitored by Liberty Global's chief operating decision maker and the integration of certain functions within these reportable segments. Previously, (a) our operations in Switzerland were a separate reportable segment, (b) our operations in Ireland (see note 3) and Austria were combined into one reportable segment, "Other Western Europe," and (c) the operations of UPC DTH were included in our other category. Segment information for all periods presented has been revised to reflect the above-described changes.

As of March 31, 2015, our reportable segments are as follows:

- Switzerland/Austria
- Central and Eastern Europe

Our reportable segments derive their revenue primarily from broadband communications services, including video, broadband internet and fixed-line telephony services. Each of our reportable segments also provides business-to-business (**B2B**) and mobile services. At March 31, 2015, we provided broadband communications services in seven European countries and DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia through UPC DTH. In addition to UPC DTH, our Central and Eastern Europe segment includes our broadband communications operations in the Czech Republic, Hungary, Poland, Romania and Slovakia.

Performance Measures of Our Reportable Segments

	Revenue	
	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Switzerland/Austria	€ 390.1	€ 338.4
Central and Eastern Europe	238.0	236.2
Total	€ 628.1	€ 574.6

(a) As retrospectively revised – see note 3.

	Operating cash flow	
	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Switzerland/Austria	€ 220.9	€ 193.0
Central and Eastern Europe	104.9	115.4
Other	—	(0.3)
Total	€ 325.8	€ 308.1

(a) As retrospectively revised – see note 3.

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

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Total segment operating cash flow	€ 325.8	€ 308.1
Share-based compensation expense	(1.8)	(1.9)
Related-party fees and allocations, net	(65.4)	(62.9)
Depreciation and amortization	(143.6)	(127.9)
Impairment, restructuring and other operating items, net	(10.0)	0.8
Operating income	105.0	116.2
Interest expense:		
Third-party	(112.1)	(136.8)
Related-party	(221.0)	(254.1)
Interest income	8.0	43.0
Realized and unrealized losses on derivative instruments, net	(198.0)	(71.1)
Foreign currency transaction losses, net	(194.1)	(3.6)
Losses on debt modification and extinguishment, net	(128.5)	(12.0)
Other income, net	0.3	—
Loss before income taxes	€ (740.4)	€ (318.4)

(a) As retrospectively revised – see note 3.

Property and Equipment Additions of our Reportable Segments

The property and equipment additions of our reportable segments (including capital additions financed under vendor financing or capital lease arrangements) are presented below and reconciled to the capital expenditure amounts included in our condensed consolidated statements of cash flows. For additional information concerning capital additions financed under vendor financing and capital lease arrangements, see note 7.

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Switzerland/Austria	€ 50.4	€ 53.8
Central and Eastern Europe	43.3	33.6
Other (b)	2.0	19.5
Property and equipment additions	95.7	106.9
Assets acquired under capital-related vendor financing arrangements	(122.3)	(80.4)
Assets contributed by parent company	(4.4)	(5.2)
Assets acquired under capital leases	(0.4)	(0.1)
Changes in current liabilities related to capital expenditures (including related-party amounts)	56.5	27.0
Capital expenditures	€ 25.1	€ 48.2

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(a) As retrospectively revised – see note 3.

(b) Primarily relates to inventory build-up of centrally-procured customer premises equipment. This equipment is ultimately transferred to certain of Liberty Global's European operating subsidiaries, including subsidiaries within UPC Holding.

Revenue by Major Category

Our revenue by major category is set forth below:

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Subscription revenue (b):		
Video	€ 299.2	€ 278.0
Broadband internet	183.5	162.8
Fixed-line telephony	61.1	60.2
Cable subscription revenue	543.8	501.0
Mobile subscription revenue	1.6	0.3
Total subscription revenue	545.4	501.3
B2B revenue (c)	52.1	43.8
Other revenue (d)	30.6	29.5
Total revenue	€ 628.1	€ 574.6

(a) As retrospectively revised – see note 3.

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

(c) B2B revenue includes revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small office and home office (**SOHO**) subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €13.9 million and €10.6 million during the three months ended March 31, 2015 and 2014, respectively, is included in cable subscription revenue.

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

Geographic Segments

The revenue of our geographic segments is set forth below:

	Three months ended March 31,	
	2015	2014 (a)
	in millions	
Switzerland	€ 308.0	€ 257.4
Poland	89.5	87.9
Austria	82.1	81.0
Hungary	58.8	57.6
The Czech Republic	39.8	42.9
Romania	34.6	31.7
Slovakia	13.6	14.2
Other	1.7	1.9
Total	€ 628.1	€ 574.6

(a) As retrospectively revised – see note 3.

(12) Subsequent Events

UPCB Finance IV Limited (**UPCB Finance IV**), a special purpose financing entity that is owned 100% by a charitable trust, was created for the primary purpose of facilitating the April 15, 2015 offering of (i) $800.0 million (€745.7 million) aggregate principal amount of 5.375% senior secured notes due January 15, 2025 (the **Original UPCB Finance IV Dollar Notes**) and (ii) €600.0 million aggregate principal amount of 4.0% senior secured notes due January 15, 2027 (the **UPCB Finance IV Euro Notes**).

UPCB Finance IV, which has no material business operations, used the proceeds from (i) the Original UPCB Finance IV Dollar Notes to fund a new additional facility (**Facility AL**) and (ii) the UPCB Finance IV Euro Notes to fund a new additional facility (**Facility AK**), each under the UPC Broadband Holding Bank Facility, with UPC Financing as the borrower. The call provisions, maturity and applicable interest rate for Facility AL and Facility AK are the same as those of the Original UPCB Finance IV Dollar Notes and the UPCB Finance IV Euro Notes, respectively.

The proceeds of for Facility AL and Facility AK were used to (i) prepay the remaining €190.0 million outstanding principal amount of Facility Y under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and the related prepayment premium, to UPCB Finance II and, in turn UPCB Finance II used such proceeds to fully redeem the remaining outstanding amount of its UPCB Finance II Notes, (ii) prepay the outstanding principal amount of Facility Z under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and the related prepayment premium, to UPCB Finance III Limited (**UPCB Finance III**) and, in turn UPCB Finance III used such proceeds to fully redeem the UPCB Finance III Notes, (iii) redeem 10% of the outstanding principal amount of each of the following: (a) Facility AC under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and the related prepayment premium, to UPCB Finance V Limited (**UPCB Finance V**) and, in turn UPCB Finance V used such proceeds to redeem 10% of the outstanding principal amount of the UPCB Finance V Notes and (b) Facility AD under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and the related prepayment premium, to UPCB Finance VI Limited (**UPCB Finance VI**) and, in turn UPCB Finance VI used such proceeds to redeem 10% of the outstanding principal amount of the UPCB Finance VI Notes, each at a redemption price equal to 103% of the applicable redeemed principal amount in accordance with the indentures governing each of the notes, and (iv) prepay in full the then outstanding €200.0 million amount under Facility AI under the UPC Broadband Holding Bank Facility.

On May 20, 2015, UPCB Finance IV issued $340.0 million (€316.9 million) principal amount of 5.375% senior secured notes due January 15, 2025 (the **Additional UPCB Finance IV Dollar Notes** and, together with the Original UPCB Finance IV Dollar Notes, the **UPCB Finance IV Dollar Notes**). The Additional UPCB Finance IV Dollar Notes were issued at 99.5% of par. We refer to the UPCB Finance IV Dollar Notes and the UPCB Finance IV Euro Notes as the **"UPCB Finance IV Notes**." UPCB Finance IV used the proceeds from the Additional UPCB Finance IV Dollar Notes to fund a new additional facility (**Facility AL2** and, together with Facility AK and Facility AL, the **New Facilities**) under the UPC Broadband Holding Bank Facility, with UPC Financing as the borrower. The call provisions, maturity and applicable interest rate for Facility AL2 are the same as those of the Additional UPCB Finance IV Dollar Notes. The proceeds of Facility AL2, together with existing cash have been used to prepay in full the outstanding €400.0 million principal amount of Facility AI under the UPC Broadband Holding Bank Facility, which amount was drawn subsequent to the €200.0 million prepayment described above.

Subject to the circumstances described below, the UPCB Finance IV Dollar Notes are non-callable until January 15, 2020 and the UPCB Finance IV Euro Notes are non-callable until January 15, 2021 (each a **UPCB Finance IV Notes Call Date**). If, however, at any time prior to the applicable UPCB Finance IV Notes Call Date, all or a portion of the loans under the New Facilities are voluntarily prepaid (an **Early Redemption Event**), then UPCB Finance IV will be required to redeem an aggregate principal amount of the applicable UPCB Finance IV Notes equal to the aggregate principal amount of the loans so prepaid under the relevant New Facility. In general, the redemption price payable will equal 100% of the principal amount of the applicable UPCB Finance IV Notes to be redeemed and a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the applicable UPCB Finance IV Notes Call Date using the discount rate (as specified in the indenture) as of the redemption date plus 50 basis points.

Upon the occurrence of an Early Redemption Event on or after the applicable UPCB Finance IV Notes Call Date, UPCB Finance IV will redeem an aggregate principal amount of the UPCB Finance IV Notes equal to the principal amount of the related facility prepaid at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest and additional amounts, (as specified in the applicable indenture), if any, to the applicable redemption date, if redeemed during the 12-month period commencing on January 15 of the years set forth below:

	Redemption price	
Year	UPCB Finance IV Dollar Notes	UPCB Finance IV Euro Notes
2020	102.688%	N.A.
2021	101.792%	102.000%
2022	100.896%	101.000%
2023	100.000%	100.500%
2024 and thereafter	100.000%	100.000%

If there is a change in control (as specified in the indenture) under the UPC Broadband Holding Bank Facility, UPCB Finance IV must offer to repurchase the UPCB Finance IV Notes at a redemption price of 101%.

Prior to the applicable UPCB Finance IV Notes Call Date, during each 12-month period commencing on the date on which the UPCB Finance IV Notes were issued, UPCB Finance IV may redeem up to 10% of the principal amount of the UPCB Finance IV Notes at a redemption price of 103% of the principal amount of the relevant UPCB Finance IV Notes plus accrued and unpaid interest up to (but excluding) the redemption date.

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

The following discussion and analysis, which should be read in conjunction with our condensed consolidated financial statements and the discussion and analysis included in our 2014 annual report, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Forward-Looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three months ended March 31, 2015 and 2014.
- *Material Changes in Financial Condition.* This section provides an analysis of our corporate and subsidiary liquidity, condensed consolidated statements of cash flows and contractual commitments.

The capitalized terms used below have been defined in the notes to our condensed consolidated financial statements. In the following text, the terms "we," "our," "our company" and "us" may refer, as the context requires, to UPC Holding or collectively to UPC Holding and its subsidiaries.

Unless otherwise indicated, convenience translations into euros are calculated as of March 31, 2015.

Forward-Looking Statements

Certain statements in this quarterly report constitute forward-looking statements. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies, our property and equipment additions, subscriber growth and retention rates, competitive, regulatory and economic factors, the maturity of our markets, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated revenue decreases or cost increases, liquidity, credit risks, foreign currency risks, target leverage levels, our future projected contractual commitments and cash flows and other information and statements that are not historical fact. 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 evaluating these statements, you should consider the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

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

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

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this quarterly report are subject to a significant degree of risk. These forward-looking statements and the above-described risks, uncertainties and other factors speak only as of the date of this quarterly report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

Overview

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

As further described in note 3 to our condensed consolidated financial statements, we completed the UPC Transfers during the first quarter of 2015. We have accounted for these transactions as common control transfers at carryover basis and the applicable prior period information has been retrospectively revised to give effect to these transactions for all periods presented.

We have completed a number of transactions that somewhat impact the comparability of our 2015 and 2014 results of operations.

At March 31, 2015, we owned and operated networks that passed 12,279,400 homes and served 12,221,800 revenue generating units (**RGUs**), consisting of 5,977,600 video subscribers, 3,784,300 broadband internet subscribers and 2,459,900 fixed-line telephony subscribers. In addition, at March 31, 2015, we served 39,600 mobile subscribers.

During the first quarter of 2015, we modified certain video subscriber definitions to better align these definitions with the underlying services received by our subscribers and have replaced our "digital cable" and "analog cable" subscriber definitions with "enhanced video" and "basic video," respectively. A basic video subscriber receives our video service via an analog video signal or a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. An enhanced video subscriber receives our video service via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology.

Including the effects of acquisitions, we added a total of 20,000 RGUs during the first three months of 2015. Excluding the effects of acquisitions (RGUs added on the acquisition date), but including post-acquisition date RGU additions, we added 22,700 RGUs on an organic basis during the three months ended March 31, 2015, as compared to 73,600 RGUs that we added on an organic basis during the corresponding period in 2014. The organic RGU growth during the three months ended March 31, 2015 is primarily attributable to the net effect of (i) a decrease of 46,300 basic video RGUs, (ii) an increase of 41,700 broadband internet RGUs, (iii) an increase of 22,400 fixed-line telephony RGUs and (iv) an increase of 8,100 enhanced video RGUs.

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

(i) organic declines during the first quarter of 2015 in video RGUs in most of our markets, as net declines in our basic video RGUs generally exceeded net additions to our enhanced video RGUs (including migrations from basic video) in these markets; and

(ii) organic declines in overall cable ARPU in most of our markets during the first quarter of 2015, as compared to the first quarter of 2014.

Material Changes in Results of Operations

As noted under *Overview* above, the comparability of our operating results during 2015 and 2014 is affected by acquisitions. In the following discussion, we quantify the estimated impact of acquisitions on our operating results. The acquisition impact represents our estimate of the difference between the operating results of the periods under comparison that is attributable to an acquisition. In general, we base our estimate of the acquisition impact on an acquired entity's operating results during the first three months following the acquisition date such that changes from those operating results in subsequent periods are considered to be organic changes. Accordingly, in the following discussion, variances attributed to an acquired entity during the first 12 months following the acquisition date represent differences between the estimated acquisition impact and the actual results.

Changes in foreign currency exchange rates have a significant impact on our reported operating results as most of our operating segments have functional currencies other than the euro. Our primary exposure to foreign currency translation effects (**FX**) risk during the three months ended March 31, 2015 was to the Swiss franc and other local currencies in Europe. In this regard, 81.5% of our euro revenue during the period was derived from subsidiaries whose functional currency is other than the euro. The portions of the changes in the various components of our results of operations that are attributable to changes in FX are highlighted under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* below.

Discussion and Analysis of our Reportable Segments

General

Our reportable segments derive their revenue primarily from broadband communications services, including video, broadband internet and fixed-line telephony services. Each of our reportable segments also provides B2B and mobile services. For detailed information regarding the composition of our reportable segments, see note 11 to our condensed consolidated financial statements.

The tables presented below in this section provide a separate analysis of each of the line items that comprise segment operating cash flow (revenue, operating expenses and SG&A expenses, excluding share-based compensation expense, as further discussed in note 11 to our condensed consolidated financial statements), as well as an analysis of segment operating cash flow by reportable segment for the three months ended March 31, 2015 and 2014. These tables present (i) the amounts reported by each of our reportable segments for the comparative periods, (ii) the euro change and percentage change from period to period and (iii) the organic percentage change from period to period (percentage change after removing FX and the estimated impact of acquisitions). The comparisons that exclude FX assume that exchange rates remained constant at the prior year rate during the comparative periods that are included in each table. We also provide a table showing the operating cash flow margins of our reportable segments for the three months ended March 31, 2015 and 2014 at the end of this section.

The revenue of our reportable segments includes revenue earned from (i) subscribers to our broadband communications and mobile services and (ii) B2B services, interconnect, channel carriage fees, mobile handset sales, installation fees, late fees and advertising revenue. Consistent with the presentation of our revenue categories in note 11 to our condensed consolidated financial statements, we use the term "subscription revenue" in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees and late fees. In the following tables, mobile subscription revenue excludes the related interconnect revenue.

Most of our revenue is derived from jurisdictions that administer VAT or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and corresponding declines in our operating cash flow and operating cash flow margins to the extent of any such tax increases.

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

Revenue of our Reportable Segments

	Three months ended March 31,		Increase		Organic increase
	2015	2014 (a)	€	%	%
		in millions			
Switzerland/Austria	€ 390.1	€ 338.4	€ 51.7	15.3	3.8
Central and Eastern Europe	238.0	236.2	1.8	0.8	0.8
Total	€ 628.1	€ 574.6	€ 53.5	9.3	2.6

(a) As retrospectively revised – see note 3 to our condensed consolidated financial statements.

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

Switzerland/Austria. The increase in Switzerland/Austria's revenue during the three months ended March 31, 2015, as compared to the corresponding period in 2014, includes (i) an organic increase of €12.9 million or 3.8%, (ii) the impact of an acquisition and (iii) the impact of FX, as set forth below:

	Subscription revenue	Non-subscription revenue	Total
		in millions	
Increase in cable subscription revenue due to change in:			
Average number of RGUs (a)	€ 3.7	€ —	€ 3.7
ARPU (b)	4.9	—	4.9
Total increase in cable subscription revenue	8.6	—	8.6
Increase in mobile subscription revenue	1.3	—	1.3
Total increase in subscription revenue	9.9	—	9.9
Increase in B2B revenue (c)	—	2.7	2.7
Increase in other non-subscription revenue	—	0.3	0.3
Total organic increase	9.9	3.0	12.9
Impact of an acquisition	1.4	(0.1)	1.3
Impact of FX	32.0	5.5	37.5
Total	€ 43.3	€ 8.4	€ 51.7

(a) The increase in cable subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of broadband internet, enhanced video and fixed-line telephony RGUs that were largely offset by a decline in the average number of basic video RGUs.

(b) The increase in cable subscription revenue related to a change in ARPU is primarily due to an increase in Switzerland, as Austria's ARPU remained relatively unchanged. The increase in ARPU in Switzerland is due to (i) an improvement in RGU mix and (ii) a net increase primarily resulting from the following factors: (a) higher ARPU due to price increases in March 2015, January 2015 and April 2014 for certain existing broadband internet, video and fixed-line telephony services, (b) lower ARPU due to the impact of an increase in the proportion of subscribers receiving lower-priced tiers of broadband internet services in Switzerland's bundles and (c) lower ARPU due to the impact of higher bundling discounts. ARPU in Austria remained relatively unchanged, primarily due to the net effect of (1) higher ARPU due to a January 2015 price increase for video and broadband internet services and (2) lower ARPU due to the impact of higher bundling discounts.

(c) The increase in B2B revenue is primarily due to higher revenue from voice and data services in Switzerland.

Central and Eastern Europe. The increase in Central and Eastern Europe's revenue during the three months ended March 31, 2015, as compared to the corresponding period in 2014, includes (i) an organic increase of €1.9 million or 0.8% and (ii) the impact of FX, as set forth below:

	Subscription revenue	Non-subscription revenue	Total
		in millions	
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (a)	€ 6.1	€ —	€ 6.1
ARPU (b)	(4.6)	—	(4.6)
Total increase in cable subscription revenue	1.5	—	1.5
Increase in B2B revenue (c)	—	1.5	1.5
Decrease in other non-subscription revenue	—	(1.1)	(1.1)
Total organic increase	1.5	0.4	1.9
Impact of FX	(0.1)	—	(0.1)
Total	€ 1.4	€ 0.4	€ 1.8

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

(b) The decrease in cable subscription revenue related to a change in ARPU is due to the net effect of (i) a decrease primarily resulting from the following factors: (a) lower ARPU due to the inclusion of lower-priced tiers of video and fixed-line telephony services in Central and Eastern Europe's bundles, (b) lower ARPU resulting from the €3.1 million impact of a January 1, 2015 change in how VAT is calculated for the UPC DTH operations in Hungary, the Czech Republic and Slovakia and (c) higher ARPU due to the impact of lower bundling discounts and (ii) an improvement in RGU mix.

(c) The increase in B2B revenue is primarily due to higher revenue from voice services in Poland.

Operating Expenses of our Reportable Segments

	Three months ended March 31,				Increase (decrease)			Organic increase
		2015		2014 (a)		€	%	%
				in millions				
Switzerland/Austria	€	110.9	€	98.7	€	12.2	12.4	1.7
Central and Eastern Europe		97.4		89.8		7.6	8.5	8.6
Other		(0.2)		—		(0.2)	N.M.	N.M.
Total	€	208.1	€	188.5	€	19.6	10.4	4.9

(a) As retrospectively revised – see note 3 to our condensed consolidated financial statements.

N.M. — Not Meaningful.

Operating expenses include programming and copyright, network operations, mobile access and interconnect, customer operations, customer care and other costs related to our operations. Programming and copyright costs, which represent a significant portion of our operating costs, are expected to rise in future periods as a result of (i) growth in the number of our enhanced video subscribers, (ii) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (iii) rate increases. In addition, we are subject to inflationary pressures with respect to our labor and other costs and foreign currency exchange risk with respect to costs and expenses that are denominated in currencies other than the respective functional currencies of our operating segments (non-functional currency expenses). Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

Our operating expenses increased €19.6 million or 10.4%, during the three months ended March 31, 2015 as compared to the corresponding period in 2014. This increase includes €0.3 million attributable to the impact of an acquisition. Excluding the effects of acquisitions and FX, our operating expenses increased €9.2 million or 4.9%. This increase includes the following factors:

- An increase in programming and copyright costs of €6.8 million or 10.8%, due in part to growth in enhanced video services, primarily in Poland and Switzerland/Austria. The increase in programming and copyright costs also includes the impact of certain nonrecurring adjustments related to the settlement or reassessment of operational contingencies, which resulted in a net increase in programming and copyright costs of €3.4 million, as the impact of an accrual release during the first quarter of 2015 in Switzerland/Austria of €1.9 million was more than offset by the impact of an accrual release that reduced programming costs by €5.3 million in Poland during the first quarter of 2014;

- An increase in mobile handset costs of €1.3 million, primarily due to an increase in mobile handset sales to third-party retailers in Switzerland/Austria; and

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

SG&A Expenses of our Reportable Segments

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)
	2015	2014 (a)	€	%	%
	in millions				
Switzerland/Austria	€ 58.3	€ 46.7	€ 11.6	24.8	12.8
Central and Eastern Europe	35.7	31.0	4.7	15.2	15.1
Other	0.2	0.3	(0.1)	(33.3)	(33.3)
Total SG&A expenses excluding share-based compensation expense	94.2	78.0	16.2	20.8	13.5
Share-based compensation expense	1.8	1.9	(0.1)	(5.3)	
Total	€ 96.0	€ 79.9	€ 16.1	20.2	

(a) As retrospectively revised – see note 3 to our condensed consolidated financial statements.

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

Our SG&A expenses (exclusive of share-based compensation expense) increased €16.2 million or 20.8% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. Excluding the effects of FX, our SG&A expenses increased €10.5 million or 13.5%. This increase includes the following factors:

- An increase in sales and marketing costs of €4.8 million or 22.7%, primarily due to higher costs associated with advertising campaigns, primarily in Switzerland/Austria and, to a lessor extent, Poland;
- An increase in personnel costs of €3.0 million or 7.6%, primarily due to (i) increased staffing levels, primarily in Switzerland/Austria, and (ii) higher incentive compensation costs, primarily in Switzerland/Austria and Poland; and
- A net increase resulting from individually insignificant changes in other SG&A expense categories.

Segment Operating Cash Flow of our Reportable Segments

Segment operating cash flow is the primary measure used by our chief operating decision maker to evaluate segment operating performance. As we use the term, segment operating cash flow is defined as revenue less operating and SG&A expenses (excluding share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items). For additional information regarding this performance measure and for a reconciliation of total segment segment operating cash flow to our loss before income taxes, see note 11 to our condensed consolidated financial statements.

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)
	2015	2014 (a)	€	%	%
	in millions				
Switzerland/Austria	€ 220.9	€ 193.0	€ 27.9	14.5	2.7
Central and Eastern Europe	104.9	115.4	(10.5)	(9.1)	(9.2)
Other	—	(0.3)	0.3	N.M.	N.M.
Total	€ 325.8	€ 308.1	€ 17.7	5.7	(1.7)

(a) As retrospectively revised – see note 3 to our condensed consolidated financial statements.

N.M. — Not Meaningful.

Segment Operating Cash Flow Margin

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

	Three months ended March 31,	
	2015	2014 (a)
	%	
Switzerland/Austria	56.6	57.0
Central and Eastern Europe	44.0	48.8
Total, including other	51.9	53.6

(a) As retrospectively revised – see note 3 to our condensed consolidated financial statements.

The segment operating cash flow margin of our Switzerland/Austria segment remained relatively unchanged during the three months ended March 31, 2015, as compared to the corresponding period in 2014. The decrease in the segment operating cash flow margin of our Central and Eastern Europe segment is largely attributable to the negative impact of a favorable nonrecurring item recorded in the first quarter of 2014.

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

Discussion and Analysis of our Consolidated Operating Results

General

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

Revenue

Our revenue by major category is set forth below:

	Three months ended March 31,		Increase		Organic increase (decrease)
	2015	2014 (a)	€	%	%
	in millions				
Subscription revenue (b):					
Video	€ 299.2	€ 278.0	€ 21.2	7.6	0.9
Broadband internet	183.5	162.8	20.7	12.7	6.3
Fixed-line telephony	61.1	60.2	0.9	1.5	(5.5)
Cable subscription revenue	543.8	501.0	42.8	8.5	1.9
Mobile subscription revenue	1.6	0.3	1.3	433.3	382.7
Total subscription revenue	545.4	501.3	44.1	8.8	2.1
B2B revenue (c)	52.1	43.8	8.3	18.9	10.9
Other revenue (d)	30.6	29.5	1.1	3.7	(2.7)
Total revenue	€ 628.1	€ 574.6	€ 53.5	9.3	2.6

(a) As retrospectively revised – see note 3 to our condensed consolidated financial statements.

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

(c) B2B revenue includes revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €13.9 million and €10.6 million during the three months ended March 31, 2015 and 2014, respectively, is included in cable subscription revenue.

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

Total revenue. Our consolidated revenue increased €53.5 million during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase includes €1.3 million attributable to the impact of an acquisition. Excluding the effects of acquisitions and FX, total consolidated revenue increased €14.8 million or 2.6%.

Subscription revenue. The details of the increase in our consolidated subscription revenue for the three months ended March 31, 2015, as compared to the corresponding period in 2014, is as follows (in millions):

Increase (decrease) in cable subscription revenue due to change in:		
Average number of RGUs	€	9.8
ARPU		(0.2)
Total increase in cable subscription revenue		9.6
Increase in mobile subscription revenue		1.1
Total organic increase in subscription revenue		10.7
Impact of an acquisition		1.4
Impact of FX		32.0
Total	€	44.1

Excluding the effects of acquisitions and FX, our consolidated cable subscription revenue increased €9.6 million or 1.9% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase is attributable to the net effect of (i) an increase in subscription revenue from broadband internet services of €10.3 million or 6.3%, primarily attributable to the net effect of (a) an increase in the average number of broadband internet RGUs and (b) lower ARPU from broadband internet services, (ii) a decrease in subscription revenue from fixed-line telephony services of €3.3 million or 5.5%, primarily attributable to the net effect of (1) lower ARPU from fixed-line telephony services and (2) an increase in the average number of fixed-line telephony RGUs, and (iii) an increase in subscription revenue from video services of €2.6 million or 0.9%, primarily attributable to the net effect of (A) higher ARPU from video services and (B) a decline in the average number of video RGUs.

Excluding the effects of acquisitions and FX, our consolidated mobile subscription revenue increased €1.1 million during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase is primarily due to an increase in Switzerland.

B2B revenue. Excluding the effects of acquisitions and FX, our consolidated B2B revenue increased €4.8 million or 10.9% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase is primarily attributable to increases in Switzerland and Poland.

Other revenue. Excluding the effects of acquisitions and FX, our consolidated other revenue decreased €0.7 million or 2.7% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This decrease is primarily attributable to the net effect of (i) a decrease in installation revenue, (ii) an increase in mobile handset sales, primarily in Switzerland, and (iii) a decrease in fixed-line interconnect revenue.

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

Operating expenses

Our operating expenses increased €19.6 million during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase includes €0.3 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, our operating expenses increased €9.2 million or 4.9% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase is primarily attributable to increases in (i) programming and copyright costs and (ii) mobile handset costs. For additional information regarding the changes in our operating expenses, see *Operating Expenses of our Reportable Segments* above.

SG&A expenses

Our SG&A expenses increased €16.1 million during the three months ended March 31, 2015, as compared to the corresponding period in 2014. Our SG&A expenses include share-based compensation expense, which decreased €0.1 million during the three months ended March 31, 2015. For additional information, see the discussion under *Share-based compensation expense* below. Excluding the effects of FX and share-based compensation expense, our SG&A expenses increased €10.5 million or 13.5% during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This increase is primarily attributable to increases in (i) sales and marketing costs and (ii) personnel costs. For additional information regarding the changes in our SG&A expenses, see *SG&A Expenses of our Reportable Segments* above.

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

Our share-based compensation expense, which is included in SG&A expenses, represents amounts allocated to our company by Liberty Global. The amounts allocated by Liberty Global to our company represent the share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. A summary of the aggregate share-based compensation expense is set forth below:

	Three months ended March 31,	
	2015	**2014 (a)**
	in millions	
Liberty Global shares:		
Performance-based incentive awards (b)	€ 1.0	€ 1.0
Other share-based incentive awards	0.8	0.9
Total Liberty Global shares	€ 1.8	€ 1.9

(a) As retrospectively revised – see note 3 to our condensed consolidated financial statements.

(b) Includes share-based compensation expense related to (i) Liberty Global performance-based restricted share units (PSUs) and (ii) a challenge performance award plan for certain executive officers and key employees of Liberty Global, including certain employees of our subsidiaries (the Challenge Performance Awards). The Challenge Performance Awards include performance-based share appreciation rights and PSUs.

Related-party fees and allocations, net

We recorded related-party fees and allocations, net, of €65.4 million during the three months ended March 31, 2015, as compared to €62.9 million during the corresponding period in 2014. These amounts represent fees charged to UPC Holding that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries. For additional information, see note 9 to our condensed consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased €15.7 million during the three months ended March 31, 2015, as compared to the corresponding period in 2014. Excluding the effects of FX, depreciation and amortization expense increased €16.8 million or 13.2% primarily due to the net effect of (i) an increase associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, (ii) a decrease associated with certain assets becoming fully depreciated, primarily in Switzerland, Poland, Slovakia, Austria and the Czech Republic.

Impairment, restructuring and other operating items, net

We recognized a net charge (credit) related to our impairment, restructuring and other operating items of €10.0 million and (€0.8 million) during the three months ended March 31, 2015 and 2014, respectively. The 2015 amount is primarily related to restructuring charges associated with reorganization and integration activities in certain of our operations.

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

Interest expense — third-party

Our third-party interest expense decreased €24.7 million during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This decrease is primarily attributable to a lower average outstanding debt balance, mainly related to the refinancing transactions completed during the first quarter of 2015. For additional information regarding our outstanding indebtedness, see note 7 to our condensed consolidated financial statements.

It is possible that (i) the interest rates on any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) the interest rates on our variable-rate indebtedness could increase in future periods. As further discussed in note 4 to our condensed consolidated financial statements, we use derivative instruments to manage our interest rate risks.

Interest expense — related-party

Our related-party interest expense primarily relates to the interest expense on the Shareholder Loan. Our total related-party interest expense decreased €33.1 million during the three months ended March 31, 2015, as compared to the corresponding period in 2014. This decrease is primarily due to a decrease in the average outstanding balance of the Shareholder Loan. For additional information, see notes 7 and 9 to our condensed consolidated financial statements.

Realized and unrealized losses on derivative instruments, net

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

	Three months ended March 31,	
	2015	**2014**
	in millions	
Cross-currency and interest rate derivative contracts (a)	€ (196.4)	€ (78.4)
Foreign currency forward contracts	(2.8)	7.7
Other	1.2	(0.4)
Total	€ (198.0)	€ (71.1)

(a) The loss during the 2015 period is primarily attributable to the net effect of (i) losses associated with increases in the values of the Swiss franc and Polish zloty relative to the euro, (ii) gains associated with an increase in the value of the U.S. dollar relative to the euro, (iii) gains associated with decreases in market interest rates in the U.S. dollar and euro markets and (iv) losses associated with decreases in market interest rates in the Swiss franc market. In addition, the loss during the 2015 period includes a net gain of €16.9 million resulting from changes in our credit risk valuation adjustments. The loss during the 2014 period is primarily attributable to the net effect of (i) losses associated with decreases in market interest rates in the Swiss franc and euro markets, (ii) gains associated with decreases in the values of the Hungarian forint and Chilean peso relative to the euro and (iii) gains associated with a decrease in the value of the Chilean peso relative

to the U.S. dollar. In addition, the loss during the 2014 period includes a net loss of €11.0 million, resulting from changes in our credit risk valuation adjustments.

For additional information regarding our derivative instruments, see notes 4 and 5 to our condensed consolidated financial statements.

Foreign currency transaction losses, net

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

	Three months ended March 31,	
	2015	**2014 (a)**
	in millions	
U.S. dollar denominated debt issued by euro functional currency entities	€ (181.9)	€ (3.5)
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (b)	(40.3)	0.4
Cash and restricted cash denominated in a currency other than the entity's functional currency	35.2	(0.6)
Other	(7.1)	0.1
Total	€ (194.1)	€ (3.6)

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(a) As retrospectively revised – see note 3 to our condensed consolidated financial statements.

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

Losses on debt modification and extinguishment, net

We recognized a loss on debt modification and extinguishment, net, of €128.5 million during the three months ended March 31, 2015. This loss includes the following:

- a €66.7 million loss related to the redemption of the UPCB Finance I Notes and the UPCB Finance II Notes and the prepayment of Facility AG under the UPC Broadband Holding Bank Facility. This loss includes (i) the payment of €47.8 million of redemption premium, (ii) the write-off of €14.7 million of deferred financing costs and (iii) the write-off of €4.2 million of unamortized discount; and

- a €61.8 million loss related to the redemption of the UPC Holding 8.375% Senior Notes, including (i) the payment of €52.8 million of redemption premium and (ii) the write-off of €9.0 million of deferred financing costs.

We recognized a loss on debt modification and extinguishment, net, of €12.0 million, during the three months ended March 31, 2014 related to the repayment of Facilities R, S, AE and AF under the UPC Broadband Holding Bank Facility. This loss includes (i) the write-off of €8.5 million of deferred financing costs and (ii) the write-off of €3.5 million of an unamortized discount.

For additional information regarding our losses on debt modification and extinguishment, net, see note 7 to our condensed consolidated financial statements.

Income tax expense

We recognized income tax expense of €36.7 million and €20.1 million during the three months ended March 31, 2015 and 2014, respectively.

The income tax expense during the three months ended March 31, 2015 differs from the expected income tax benefit of €185.1 million (based on the Dutch 25.0% income tax rate) primarily due to (i) the negative impact of a net increase in valuation allowances and (ii) the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items.

The income tax expense during the three months ended March 31, 2014 differs from the expected income tax benefit of €79.6 million (based on the Dutch 25.0% income tax rate), primarily due to (i) the negative impact of a net increase in valuation allowances and (ii) the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items.

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

Net loss

During the three months ended March 31, 2015 and 2014, we reported net losses of €777.1 million and €338.5 million, respectively, including (i) operating income of €105.0 million and €116.2 million, respectively, (ii) non-operating expense of €845.4 million and €434.6 million, respectively, and (iii) income tax expense of €36.7 million and €20.1 million, respectively.

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

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will cause our company to maintain our debt at current levels relative to our Covenant EBITDA for the foreseeable future. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information regarding our expectations with respect to trends that may affect certain aspects of our operating results in future periods, see the discussion under *Overview* above. For information regarding the reasons for changes in specific line items in our condensed consolidated statements of operations, see the discussion under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* above.

Net earnings attributable to noncontrolling interests

The increase in net earnings attributable to noncontrolling interests during the three months ended March 31, 2015, as compared to the corresponding prior year period, is primarily attributable to the January 1, 2015 consolidation of UMI.

Material Changes in Financial Condition

Sources and Uses of Cash

As a holding company, UPC Holding's primary assets are its investments in consolidated subsidiaries. UPC Holding's primary subsidiary is UPC Broadband Holding, which owns all of the operating subsidiaries that are consolidated by UPC Holding. Although our consolidated operating subsidiaries generate cash from operating activities, the terms of the instruments governing the indebtedness of UPC Broadband Holding may restrict our ability to access the assets of these subsidiaries. These subsidiaries accounted for substantially all of our €44.8 million of our consolidated cash and cash equivalents at March 31, 2015. In addition, our ability to access the liquidity of these and other subsidiaries may be limited by tax and legal considerations, the presence of noncontrolling interests and other factors.

Liquidity of UPC Holding

As UPC Holding typically does not hold significant amounts of cash and cash equivalents at the parent level, UPC Holding's primary source of liquidity is proceeds received from UPC Broadband Holding (and indirectly from UPC Broadband Holding's subsidiaries) in the form of loans or distributions. As noted above, various factors may limit the ability of UPC Holding's direct and indirect subsidiaries to loan or distribute cash to UPC Holding. From time to time, UPC Holding may also supplement its sources of liquidity with net proceeds received in connection with the issuance of debt instruments and/or loans or contributions from LGE Financing (and ultimately Liberty Global and other Liberty Global subsidiaries). No assurance can be given that any external funding would be available on favorable terms, or at all.

The ongoing cash needs of UPC Holding include (i) corporate general and administrative expenses and (ii) interest payments on the UPC Holding Senior Notes. From time to time, UPC Holding may also require cash in connection with (a) the repayment of outstanding debt (including the repurchase or exchange of outstanding debt securities in the open market or privately-negotiated transactions and net repayments to LGE Financing pursuant to the Shareholder Loan, as described in note 7 to our condensed consolidated financial statements), (b) the funding of loans or distributions to LGE Financing (and ultimately Liberty Global and other Liberty Global subsidiaries), (c) the satisfaction of contingent liabilities, (d) acquisitions, (e) other investment opportunities or (f) income tax payments.

Liquidity of Subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of our subsidiaries are cash provided by operations and, in the case of UPC Broadband Holding, borrowing availability under the UPC Broadband Holding Bank Facility. For the details of the borrowing availability under the UPC Broadband Holding Bank Facility at March 31, 2015, see note 7 to our condensed consolidated financial statements. Our subsidiaries' liquidity generally is used to fund property and equipment additions, debt service requirements and payments required by UPC Holding's derivative instruments. From time to time, our subsidiaries may also require liquidity in connection with (i) acquisitions and other investment opportunities, (ii) loans to UPC Holding or other Liberty Global subsidiaries, (iii) capital distributions to UPC Holding or (iv) the satisfaction of contingencies. No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

For additional information regarding our consolidated cash flows, see the discussion under *Condensed Consolidated Statements of Cash Flows* below.

Capitalization

At March 31, 2015, our outstanding consolidated third-party debt and capital lease obligations aggregated €5,751.3 million, including €612.9 million that is classified as current in our condensed consolidated balance sheet and €5,130.0 million that is not due until 2020 or thereafter. For additional information regarding our current debt maturities, see note 7 to our condensed consolidated financial statements.

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

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in the credit agreements and indentures of UPC Holding and UPC Broadband Holding is dependent primarily on our ability to maintain or increase the Covenant EBITDA of our operating subsidiaries and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in UPC Holding and UPC Broadband Holding's debt instruments. For example, if the Covenant EBITDA of UPC Broadband Holding were to decline, we could be required to partially repay or limit our borrowings under the UPC Broadband Holding Bank Facility in order to maintain compliance with applicable covenants. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. At March 31, 2015, UPC Holding and UPC Broadband Holding were in compliance with their respective debt covenants. In addition, we do not anticipate any instances of non-compliance with respect to any of our debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

Notwithstanding our negative working capital position at March 31, 2015, we believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our maturing debt grows in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. However, (i) the financial failure of any of our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

With the exception of the UPC Holding Senior Notes, all of our consolidated third-party debt and capital lease obligations had been borrowed or incurred by our subsidiaries at March 31, 2015.

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

Condensed Consolidated Statements of Cash Flows

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

Summary. Our condensed consolidated statements of cash flows for the three months ended March 31, 2015 and 2014 are summarized as follows:

	Three months ended March 31,		
	2015	2014 (a)	Change
		in millions	
Net cash provided (used) by operating activities	€ 20.0	€ (66.0)	€ 86.0
Net cash provided (used) by investing activities	(86.4)	294.0	(380.4)
Net cash provided (used) by financing activities	24.5	(672.9)	697.4
Effect of exchange rate changes on cash	35.4	(1.6)	37.0
Net decrease in cash and cash equivalents	€ (6.5)	€ (446.5)	€ 440.0

(a) As retrospectively revised – see note 3 to our condensed consolidated financial statements.

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

Investing Activities. The change in net cash provided (used) by our investing activities is primarily due to (i) a decrease in cash of €323.3 million associated with the sale of a loan receivable during the first quarter of 2014 and (ii) an increase in cash of €23.1 million associated with lower capital expenditures.

The capital expenditures that we report in our consolidated statements of cash flows do not include (i) amounts that our company has financed under capital-related vendor financing or capital lease arrangements or (ii) purchased assets transferred to our company by another entity under the common control of Liberty Global in exchange for non-cash increases to the Shareholder Loan or non-cash contributions from our parent (non-cash related-party capital additions). Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and in the case of capital-related vendor financing and capital lease arrangements and non-cash related-party capital additions that are settled through increases to the Shareholder Loan, as repayments of debt when the principal is repaid. In the following discussion, we refer to (i) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude non-cash related-party capital additions and amounts financed under capital-related vendor financing or capital lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis, non-cash related-party capital additions and amounts financed under capital-related vendor financing or capital lease arrangements. For additional information, see notes 6 and 7 to our condensed consolidated financial statements. For further details on property and equipment additions, including a reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our condensed consolidated statements of cash flows, see note 11 to our condensed consolidated financial statements.

Financing Activities. The change in net cash provided (used) by our financing activities is primarily attributable to the net effect of (i) an increase in cash of €2,264.9 million due to higher net borrowings of related-party debt, (ii) a decrease in cash of €1,807.1 million due to higher net repayments of third-party debt, (iii) a decrease in cash of €342.5 million due to higher cash payments related to derivative instruments, (iv) an increase in cash of €326.1 million related to the net change in deemed contributions from or deemed distributions to related parties, (v) an increase in cash of €314.7 million related to the repayment of an advance to a subsidiary of Liberty Global during the 2014 period, (vi) a decrease in cash of €110.2 million due to higher payments for financing costs and debt premiums and (vii) an increase in cash of €51.5 million related to changes in cash collateral.

Contractual Commitments

The euro equivalents of our commitments as of March 31, 2015 are presented below:

	Payments due during:							
	Remainder of 2015	2016	2017	2018	2019	2020	Thereafter	Total
	in millions							
Debt (excluding interest):								
Third-party	€ 533.3	€ 77.4	€ —	€ —	€ —	€ 1,122.1	€ 4,000.0	€ 5,732.8
Related-party	—	—	—	—	—	—	5,680.3	5,680.3
Capital leases (excluding interest)	2.0	2.4	2.5	2.1	1.6	1.3	13.7	25.6
Purchase commitments	254.3	30.0	10.8	1.1	—	—	—	296.2
Operating leases	31.3	33.1	26.0	22.7	20.7	17.1	97.2	248.1
Network and connectivity commitments	51.8	35.6	22.1	6.1	5.0	3.8	7.3	131.7
Programming commitments	15.0	10.7	9.2	7.5	2.3	—	—	44.7
Other commitments	101.3	60.3	47.9	34.2	13.5	7.6	15.5	280.3
Total (a)	€ 989.0	€ 249.5	€ 118.5	€ 73.7	€ 43.1	€ 1,151.9	€ 9,814.0	€ 12,439.7
Projected cash interest payments on third-party debt and capital lease obligations (b)	€ 196.5	€ 321.6	€ 318.5	€ 318.3	€ 309.1	€ 304.4	€ 375.6	€ 2,144.0

(a) The commitments reflected in this table do not reflect any liabilities that are included in our March 31, 2015 condensed consolidated balance sheet other than debt and capital lease obligations. Our liability for uncertain tax positions in the various jurisdictions in which we operate (€15.3 million at March 31, 2015) has been excluded from the table as the amount and timing of any related payments are not subject to reasonable estimation.

(b) Amounts are based on interest rates, interest payment dates and contractual maturities in effect as of March 31, 2015. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs or discounts, all of which affect our overall cost of borrowing. Amounts associated with related-party debt are excluded from the table.

Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us, including €11.3 million associated with related-party purchase obligations.

Network and connectivity commitments include commitments associated with (i) fiber leasing, (ii) satellite carriage services provided to our company and (iii) commitments associated with our MVNO agreements. The amounts reflected in the table with respect to certain of our MVNO commitments represent fixed minimum amounts payable under these agreements and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the three months ended March 31, 2015 and 2014, the programming and copyright costs incurred by our broadband communications and DTH operations aggregated €66.9 million and €59.6 million, respectively.

Other commitments relate primarily to (i) obligations associated with information technology and other service agreements and (ii) certain fixed minimum contractual commitments associated with our agreements with municipal authorities. Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with these derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* below. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2015 and 2014, see note 4 to our condensed consolidated financial statements.

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

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments. The euro equivalents presented below are based on interest rates and exchange rates that were in effect as of March 31, 2015. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 4 to our condensed consolidated financial statements.

	Payments (receipts) due during:							
	Remainder of 2015	**2016**	**2017**	**2018**	**2019**	**2020**	**Thereafter**	**Total**
				in millions				
Projected derivative cash payments (receipts), net:								
Interest-related (a)	€ (19.6)	€ (40.4)	€ 13.5	€ (19.8)	€ (40.4)	€ (53.6)	€ (24.1)	€ (184.4)
Principal-related (b)	—	51.9	211.8	(112.2)	(67.3)	(145.1)	14.5	(46.4)
Other	8.9	0.1	—	—	—	—	—	9.0
Total	€ (10.7)	€ 11.6	€ 225.3	€ (132.0)	€ (107.7)	€ (198.7)	€ (9.6)	€ (221.8)

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

(b) Includes the principal-related cash flows of our cross-currency contracts.