UPC HOLDING B.V.

Condensed Consolidated Financial Statements
June 30, 2013

UPC Holding B.V.
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The Netherlands

UPC HOLDING B.V.

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UPC HOLDING B.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 30, 2013	December 31, 2012
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 63.1	€ 58.3
Trade receivables, net	326.1	439.9
Deferred income taxes	19.2	19.2
Derivative instruments (note 4)	94.0	144.3
Prepaid expenses	49.3	31.2
Other current assets (note 11)	143.8	111.7
Total current assets	695.5	804.6
Investments (including €26.2 million and €21.7 million, respectively, measured at fair value) (note 3)	26.6	22.9
Property and equipment, net (note 6)	4,182.3	4,196.4
Goodwill (note 6)	5,513.4	5,617.3
Intangible assets subject to amortization, net (note 6)	256.4	315.0
Other assets, net (notes 4 and 11)	439.7	476.9
Total assets	€ 11,113.9	€ 11,433.1

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)
(unaudited)

	June 30, 2013	December 31, 2012
	in millions	
LIABILITIES AND OWNERS' DEFICIT		
Current liabilities:		
Accounts payable (note 11)	€ 244.0	€ 284.1
Accrued and other liabilities (note 11)	689.5	584.6
Deferred revenue and advance payments from subscribers and others	328.2	418.3
Accrued interest	166.9	156.6
Derivative instruments (note 4)	361.9	367.8
Current portion of third-party debt and capital lease obligations (note 7)	169.6	85.4
Total current liabilities	1,960.1	1,896.8
Long-term debt and capital lease obligations (note 7):		
Third-party	9,643.6	9,508.3
Related-party (note 11)	8,563.5	8,727.5
Derivative instruments (note 4)	1,067.5	1,466.8
Other long-term liabilities (note 11)	634.3	217.4
Total liabilities	21,869.0	21,816.8
Commitments and contingencies (notes 4, 7 and 12)		
Owners' deficit (note 9):		
Parent's deficit:		
Distributions and accumulated losses in excess of contributions	(11,450.7)	(11,138.0)
Accumulated other comprehensive earnings, net of taxes	533.6	583.7
Total parent's deficit	(10,917.1)	(10,554.3)
Noncontrolling interests	162.0	170.6
Total owners' deficit	(10,755.1)	(10,383.7)
Total liabilities and owners' deficit	€ 11,113.9	€ 11,433.1

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 June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
Revenue (notes 11 and 13)	€ 1,076.3	€ 1,054.9	€ 2,155.7	€ 2,099.4
Operating costs and expenses:				
Operating (other than depreciation and amortization) (including share-based compensation) (notes 10 and 11)	391.3	380.3	780.0	758.0
Selling, general and administrative (SG&A) (including share-based compensation) (notes 10 and 11)	189.7	176.1	372.3	350.2
Related-party fees and allocations, net (note 11)	4.5	(4.7)	(10.2)	(5.1)
Depreciation and amortization	259.1	261.3	511.1	518.0
Impairment, restructuring and other operating items, net (notes 6 and 12)	(1.5)	3.8	(1.4)	3.1
	843.1	816.8	1,651.8	1,624.2
Operating income	233.2	238.1	503.9	475.2
Non-operating income (expense):				
Interest expense:				
Third-party	(146.7)	(146.6)	(297.1)	(292.9)
Related-party (note 11)	(213.7)	(213.1)	(428.4)	(428.2)
Interest income (note 11)	0.8	1.3	2.0	2.6
Realized and unrealized gains (losses) on derivative instruments, net (note 4)	58.2	111.6	205.8	(197.3)
Foreign currency transaction gains (losses), net	(19.1)	(201.9)	(165.3)	13.1
Realized and unrealized gains due to changes in fair values of certain investments, net (notes 3 and 5)	5.3	—	5.0	—
Losses on debt modification and extinguishment, net (note 7)	(9.0)	—	(75.3)	(3.0)
Other expense, net	(0.8)	(0.9)	(1.6)	(1.1)
	(325.0)	(449.6)	(754.9)	(906.8)
Loss before income taxes	(91.8)	(211.5)	(251.0)	(431.6)
Income tax expense (note 8)	(23.9)	(20.7)	(39.8)	(43.8)
Net loss	(115.7)	(232.2)	(290.8)	(475.4)
Net earnings attributable to noncontrolling interests	(7.3)	(5.4)	(15.9)	(14.5)
Net loss attributable to parent	€ (123.0)	€ (237.6)	€ (306.7)	€ (489.9)

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 June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
Net loss	€ (115.7)	€ (232.2)	€ (290.8)	€ (475.4)
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(56.7)	17.7	(54.7)	59.8
Other	(0.1)	—	(0.2)	—
Other comprehensive earnings (loss)	(56.8)	17.7	(54.9)	59.8
Comprehensive loss	(172.5)	(214.5)	(345.7)	(415.6)
Comprehensive loss (earnings) attributable to noncontrolling interests	1.2	(7.8)	(11.1)	(20.1)
Comprehensive loss attributable to parent	€ (171.3)	€ (222.3)	€ (356.8)	€ (435.7)

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, 2013	€ (11,138.0)	€ 583.7	€ (10,554.3)	€ 170.6	€ (10,383.7)
Net loss	(306.7)	—	(306.7)	15.9	(290.8)
Other comprehensive loss, net of taxes	—	(50.1)	(50.1)	(4.8)	(54.9)
Share-based compensation (note 10)	7.8	—	7.8	—	7.8
Distributions by subsidiaries to noncontrolling interest owners (note 9)	—	—	—	(19.7)	(19.7)
Capital charge in connection with the exercise of share-based incentive awards (notes 10 and 11)	(21.0)	—	(21.0)	—	(21.0)
Property and equipment contributed by parent company (note 6)	10.4	—	10.4	—	10.4
Adjustments due to changes in subsidiaries' equity and other, net	(3.2)	—	(3.2)	—	(3.2)
Balance at June 30, 2013	€ (11,450.7)	€ 533.6	€ (10,917.1)	€ 162.0	€ (10,755.1)

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six months ended June 30, 2013	Six months ended June 30, 2012
	in millions	
Cash flows from operating activities:		
Net loss	€ (290.8)	€ (475.4)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share-based compensation expense	9.3	8.7
Related-party fees and allocations, net	(10.2)	(5.1)
Depreciation and amortization	511.1	518.0
Impairment, restructuring and other operating items, net	(1.4)	3.1
Non-cash interest on shareholder loan	428.4	428.2
Amortization of deferred financing costs and non-cash interest accretion	9.3	10.4
Realized and unrealized losses (gains) on derivative instruments, net	(205.8)	197.3
Foreign currency transaction losses (gains), net	165.3	(13.1)
Realized and unrealized gains due to changes in fair values of certain investments, net	(5.0)	—
Losses on debt modification and extinguishment, net	75.3	3.0
Deferred income tax expense (benefit)	(2.1)	26.5
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions	(123.4)	(141.8)
Net cash provided by operating activities	560.0	559.8
Cash flows from investing activities:		
Capital expenditures	(345.4)	(389.8)
Cash paid in connection with acquisitions, net of cash acquired	(0.1)	(37.2)
Other investing activities, net	11.2	(1.3)
Net cash used by investing activities	€ (334.3)	€ (428.3)

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)

	Six months ended June 30,	
	2013	2012
	in millions	
Cash flows from financing activities:		
Repayments and repurchases of third-party debt and capital lease obligations	€ (282.8)	€ (597.7)
Borrowings of third-party debt	340.7	565.7
Payment of financing costs and debt premiums	(60.2)	(10.7)
Net repayments of related-party debt	(187.0)	(178.7)
Distributions by subsidiaries to noncontrolling interest owners	(17.8)	(8.8)
Net cash paid related to derivative instruments	(3.5)	(30.9)
Change in cash collateral	—	49.6
Other financing activities, net	(8.5)	(5.0)
Net cash used by financing activities	(219.1)	(216.5)
Effect of exchange rate changes on cash	(1.8)	7.4
Net increase (decrease) in cash and cash equivalents	4.8	(77.6)
Cash and cash equivalents:		
Beginning of period	58.3	126.5
End of period	€ 63.1	€ 48.9
Cash paid for interest	€ 276.4	€ 263.7
Net cash paid for taxes	€ 26.8	€ 13.6

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

(1) Basis of Presentation

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

UPC Holding is an international provider of video, broadband internet and fixed-line telephony services, with consolidated operations at June 30, 2013 in nine European countries and in Chile. Our European broadband communications and direct-to-home satellite (DTH) operations are collectively referred to as "UPC Europe."

Our broadband communications operations in Chile are provided through our 80%-owned subsidiary, VTR Global Com SA (VTR). In May 2012, VTR Wireless SA (VTR Wireless), a subsidiary of Liberty Global that is outside of UPC Holding, began offering mobile services in Chile through a combination of its own wireless network and certain third-party wireless access arrangements. All references to VTR in these condensed consolidated financial statements exclude the operations and financial position of VTR Wireless.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2012 annual report.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other items, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, 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 June 30, 2013.

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

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through August 15, 2013, the date of issuance.

(2) Acquisition

Aster. On September 16, 2011, a subsidiary of UPC Holding paid total cash consideration equal to PLN 2,445.7 million (€568.8 million at the transaction date) in connection with its acquisition of a 100% equity interest in Aster Sp. z.o.o. (Aster), a broadband communications provider in Poland (the Aster Acquisition). The approval of the Aster Acquisition by the regulatory authority in Poland was conditioned upon our agreement to dispose of certain sections of Aster's network. This condition was satisfied on May 10, 2013.

(3) Investments

The details of our investments are set forth below:

Accounting Method		June 30, 2013		December 31, 2012
		in millions		
Fair value	€	26.2	€	21.7
Equity		—		0.9
Cost		0.4		0.3
Total	€	26.6	€	22.9

(4) Derivative Instruments

Through our subsidiaries, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the euro (€), the U.S. dollar ($), the Swiss franc (CHF), the Chilean peso (CLP), the Czech koruna (CZK), the British pound sterling (£), 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:

	June 30, 2013			December 31, 2012		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
			in millions			
Assets:						
Cross-currency and interest rate derivative contracts (b)	€ 91.4	€ 270.1	€ 361.5	€ 143.0	€ 295.6	€ 438.6
Foreign currency forward contracts	2.1	9.0	11.1	0.5	0.3	0.8
Embedded derivatives	0.5	0.6	1.1	0.8	0.8	1.6
Total	€ 94.0	€ 279.7	€ 373.7	€ 144.3	€ 296.7	€ 441.0
Liabilities:						
Cross-currency and interest rate derivative contracts (b)	€ 361.2	€ 1,067.1	€ 1,428.3	€ 365.7	€ 1,463.6	€ 1,829.3
Foreign currency forward contracts	0.4	—	0.4	1.8	2.7	4.5
Embedded derivatives	0.3	0.4	0.7	0.3	0.5	0.8
Total	€ 361.9	€ 1,067.5	€ 1,429.4	€ 367.8	€ 1,466.8	€ 1,834.6

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

(b) We consider credit risk in our fair value assessments. As of June 30, 2013 and December 31, 2012, (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 €9.1 million and €8.5 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €85.5 million and €102.5 million, respectively. The adjustments to our derivative assets relate to 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 €6.4 million and (€17.6 million) during the three and six months ended June 30, 2013, respectively, and net losses of €57.7 million and €45.2 million during the three and six months ended June 30, 2012, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. For further information concerning our fair value measurements, see note 5.

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
Cross-currency and interest rate derivative contracts	€ 61.9	€ 98.5	€ 194.8	€ (203.8)
Foreign currency forward contracts	(3.4)	13.7	11.1	5.2
Embedded derivatives	(0.3)	(0.6)	(0.1)	1.3
Total	€ 58.2	€ 111.6	€ 205.8	€ (197.3)

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For cross-currency or interest rate derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these cash outflows are as follows:

	Six months ended June 30,	
	2013	2012
	in millions	
Operating activities	€ (125.5)	€ (158.5)
Financing activities	(3.5)	(30.9)
Total	€ (129.0)	€ (189.4)

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. We and our counterparties do not post collateral or other security, nor have we entered into master netting arrangements with any of our counterparties. At June 30, 2013, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €313.8 million.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set-off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set-off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

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

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

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at June 30, 2013 are as follows:

Subsidiary / Final maturity date (a)		Notional amount due from counterparty		Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
		in millions				
UPC Holding:						
April 2016 (b)	$	400.0	CHF	441.8	9.88%	9.87%
UPC Broadband Holding B.V. (UPC Broadband Holding), a subsidiary of UPC Holding:						
November 2019	$	500.0	€	362.9	7.25%	7.74%
January 2015 - July 2021	$	312.0	€	240.0	6 mo. LIBOR + 2.50%	6 mo. EURIBOR + 2.87%
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%
October 2017	$	200.0	€	145.7	6 mo. LIBOR + 3.50%	6 mo. EURIBOR + 3.33%
January 2020	$	197.5	€	150.5	6 mo. LIBOR + 4.92%	6 mo. EURIBOR + 4.91%
September 2014 - July 2021	$	128.0	€	97.2	6 mo. LIBOR + 2.50%	6 mo. EURIBOR + 2.90%
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%
January 2015 - July 2021	$	200.0	CHF	186.0	6 mo. LIBOR + 2.50%	6 mo. CHF LIBOR + 2.55%
December 2014	$	171.5	CHF	187.1	6 mo. LIBOR + 2.75%	6 mo. CHF LIBOR + 2.95%
December 2014	€	898.4	CHF	1,466.0	6 mo. EURIBOR + 1.68%	6 mo. CHF LIBOR + 1.94%

Subsidiary / Final maturity date (a)		Notional amount due from counterparty		Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
		in millions				
January 2015 - September 2022	€	383.8	CHF	477.0	6 mo. EURIBOR + 2.00%	6 mo. CHF LIBOR + 2.22%
December 2014 - December 2016	€	360.4	CHF	589.0	6 mo. EURIBOR + 3.75%	6 mo. CHF LIBOR + 3.94%
January 2020	€	175.0	CHF	258.6	7.63%	6.76%
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%
July 2015	€	123.8	CLP	86,500.0	2.50%	5.84%
December 2015	€	69.1	CLP	53,000.0	3.50%	5.75%
December 2014	€	365.8	CZK	10,521.8	5.48%	5.56%
December 2014 - December 2016	€	60.0	CZK	1,703.1	5.50%	6.99%
July 2017	€	39.6	CZK	1,000.0	3.00%	3.75%
December 2014	€	260.0	HUF	75,570.0	5.50%	9.40%
December 2014 - December 2016	€	260.0	HUF	75,570.0	5.50%	10.56%
December 2016	€	150.0	HUF	43,367.5	5.50%	9.20%
July 2018	€	78.0	HUF	19,500.0	5.50%	9.15%
December 2014	€	400.5	PLN	1,605.6	5.50%	7.50%
December 2014 - December 2016	€	245.0	PLN	1,000.6	5.50%	9.03%
September 2016	€	200.0	PLN	892.7	6.00%	8.19%
July 2017	€	82.0	PLN	318.0	3.00%	5.60%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of June 30, 2013, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to June 30, 2013, we present a range of dates that represents the period covered by the applicable derivative instrument.

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

Cross-currency Interest Rate Swaps:

The terms of our outstanding cross-currency interest rate swap contracts at June 30, 2013 are as follows:

Subsidiary / Final maturity date (a)		Notional amount due from counterparty		Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
		in millions				
UPC Broadband Holding:						
July 2018	$	425.0	€	320.9	6 mo. LIBOR + 1.75%	6.08%
September 2014 - January 2020	$	327.5	€	249.5	6 mo. LIBOR + 4.92%	7.52%
December 2014	$	300.0	€	226.5	6 mo. LIBOR + 1.75%	5.78%
December 2014 - July 2018	$	300.0	€	226.5	6 mo. LIBOR + 2.58%	6.80%
December 2016	$	296.6	€	219.8	6 mo. LIBOR + 3.50%	6.75%
July 2018	$	100.0	€	75.4	6 mo. LIBOR + 3.00%	6.97%
November 2019	$	250.0	CHF	226.8	7.25%	6 mo. CHF LIBOR + 5.01%
January 2020	$	225.0	CHF	206.3	6 mo. LIBOR + 4.81%	5.44%
December 2014	$	340.0	CLP	181,322.0	6 mo. LIBOR + 1.75%	8.76%
December 2016	$	201.5	RON	489.3	6 mo. LIBOR + 3.50%	14.01%
December 2014	€	134.2	CLP	107,800.0	6 mo. EURIBOR + 2.00%	10.00%
VTR:						
September 2014	$	446.5	CLP	247,137.8	6 mo. LIBOR + 3.00%	11.16%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of June 30, 2013, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to June 30, 2013, we present a range of dates that represents the period covered by the applicable derivative instrument.

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at June 30, 2013 are as follows:

Subsidiary / Final maturity date (a)	Notional amount		Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
UPC Broadband Holding:				
July 2020	$	1,000.0	6.63%	6 mo. LIBOR + 3.03%
January 2022	$	750.0	6.88%	6 mo. LIBOR + 4.89%
January 2014	€	2,750.0	1 mo. EURIBOR + 3.76%	6 mo. EURIBOR + 3.52%
December 2014	€	971.8	6 mo. EURIBOR	2.97%
July 2020	€	750.0	6.38%	6 mo. EURIBOR + 3.16%
January 2015 - January 2021	€	750.0	6 mo. EURIBOR	2.57%
July 2013 - December 2014	€	500.0	6 mo. EURIBOR	4.67%
January 2015 - December 2016	€	500.0	6 mo. EURIBOR	4.32%
July 2014	€	337.0	6 mo. EURIBOR	3.94%
January 2015 - January 2023	€	290.0	6 mo. EURIBOR	2.79%
December 2015	€	263.3	6 mo. EURIBOR	3.97%
January 2023	€	210.0	6 mo. EURIBOR	2.88%
January 2014	€	185.0	6 mo. EURIBOR	4.04%
January 2015 - January 2018	€	175.0	6 mo. EURIBOR	3.74%
July 2020	€	171.3	6 mo. EURIBOR	4.32%
January 2015 - July 2020	€	171.3	6 mo. EURIBOR	3.95%
January 2015 - November 2021	€	107.0	6 mo. EURIBOR	2.89%
December 2013	€	90.5	6 mo. EURIBOR	0.90%
December 2014	CHF	2,380.0	6 mo. CHF LIBOR	2.81%
January 2015 - January 2022	CHF	711.5	6 mo. CHF LIBOR	1.89%
January 2015 - January 2021	CHF	500.0	6 mo. CHF LIBOR	1.65%
January 2015 - January 2018	CHF	400.0	6 mo. CHF LIBOR	2.51%
January 2015 - December 2016	CHF	370.9	6 mo. CHF LIBOR	3.82%
January 2015 - November 2019	CHF	226.8	6 mo. CHF LIBOR + 5.01%	6.88%
July 2013	CLP	61,500.0	6.77%	6 mo. TAB
VTR:				
July 2013	CLP	61,500.0	6 mo. TAB	7.78%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of June 30, 2013, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to June 30, 2013, we present a range of dates that represents the period covered by the applicable derivative instrument.

Interest Rate Cap

Our sold interest rate cap contract with respect to EURIBOR is detailed below:

Subsidiary / Final maturity date (a)	June 30, 2013	
	Notional amount	EURIBOR cap rate
	in millions	
Interest rate cap sold (b):		
UPC Broadband Holding:		
January 2015 - January 2020	€ 735.0	7.00%

(a) As this derivative instrument becomes effective subsequent to June 30, 2013, we present a range of dates that represents the period covered by the derivative instrument.

(b) Our sold interest rate cap 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, as detailed below:

Subsidiary / Final maturity date (a)	June 30, 2013		
	Notional amount	EURIBOR floor rate (b)	EURIBOR cap rate (c)
	in millions		
UPC Broadband Holding:			
January 2015 - January 2020	€ 1,135.0	1.00%	3.54%

(a) The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate. As these derivative instruments become effective subsequent to June 30, 2013, we present a range of dates that represents the period covered by the applicable derivative instrument.

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

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

UPC Holding Cross-Currency Options

Pursuant to its cross-currency option contracts, UPC Holding has the option to deliver U.S. dollars to the counterparty in exchange for Swiss francs at a fixed exchange rate of 0.7354 Swiss francs per one U.S. dollar, in the notional amounts listed below:

Contract expiration date	Notional amount at June 30, 2013	
	in millions	
April 2018	$	419.8
October 2016	$	19.8
April 2017	$	19.8
October 2017	$	19.8

Foreign Currency Forwards

The following table summarizes our outstanding foreign currency forward contracts at June 30, 2013:

Subsidiary	Currency purchased forward		Currency sold forward		Maturity dates
	in millions				
UPC Holding	$	479.0	CHF	415.1	October 2016 - April 2018
UPC Broadband Holding	$	3.3	CZK	64.1	July 2013 - July 2014
UPC Broadband Holding	€	57.8	CHF	70.9	July 2013 - July 2014
UPC Broadband Holding	€	18.8	CZK	484.2	July 2013 - July 2014
UPC Broadband Holding	€	18.3	HUF	5,525.0	July 2013 - July 2014
UPC Broadband Holding	€	52.1	PLN	228.6	July 2013 - July 2014
UPC Broadband Holding	£	3.9	€	4.7	July 2013 - July 2014
UPC Broadband Holding	CZK	246.0	€	9.5	July 2013
UPC Broadband Holding	HUF	6,500.0	€	22.0	July 2013
UPC Broadband Holding	PLN	105.0	€	24.1	July 2013
UPC Broadband Holding	RON	30.0	€	6.7	July 2013
VTR	$	28.6	CLP	14,286.5	July 2013 - May 2014

(5) Fair Value Measurements

We use the fair value method to account for (i) certain of our investments and (ii) our derivative instruments. The reported fair values of these investments and derivative instruments as of June 30, 2013 likely will not represent the value that will be realized upon the ultimate settlement or disposition of these assets and liabilities. In the case of the investments that we account for using the fair value method, the values we realize upon disposition will be dependent upon, among other factors, market conditions and the historical and forecasted financial performance of the investees at the time of any such disposition. With respect to our derivative instruments, we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the six months ended June 30, 2013, no such transfers were made.

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

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

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

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of reporting units, customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of private reporting units is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. We did not perform significant nonrecurring fair value measurements during the six months ended June 30, 2013 or 2012. A summary of our assets and liabilities that are measured at fair value on a recurring basis is as follows:

Description	June 30, 2013	Fair value measurements at June 30, 2013 using: Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		in millions	
Assets:			
Derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 361.5	€ 361.5	€ —
Foreign currency forward contracts	11.1	11.1	—
Embedded derivatives	1.1	1.1	—
Total derivative instruments	373.7	373.7	—
Investments	26.2	—	26.2
Total assets	€ 399.9	€ 373.7	€ 26.2
Liabilities - derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 1,428.3	€ 1,428.3	€ —
Foreign currency forward contracts	0.4	0.4	—
Embedded derivatives	0.7	0.7	—
Total liabilities	€ 1,429.4	€ 1,429.4	€ —

Description	December 31, 2012	Fair value measurements at December 31, 2012 using: Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		in millions	
Assets:			
Derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 438.6	€ 438.6	€ —
Foreign currency forward contracts	0.8	0.8	—
Embedded derivatives	1.6	1.6	—
Total derivative instruments	441.0	441.0	—
Investments	21.7	—	21.7
Total assets	€ 462.7	€ 441.0	€ 21.7
Liabilities - derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 1,829.3	€ 1,829.3	€ —
Foreign currency forward contracts	4.5	4.5	—
Embedded derivatives	0.8	0.8	—
Total liabilities	€ 1,834.6	€ 1,834.6	€ —

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

Balance at January 1, 2013	€	21.7
Net gain (a)		5.0
Foreign currency translation adjustments, net		(0.5)
Balance at June 30, 2013	€	26.2

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(a) The net gain recognized in our condensed consolidated statement of operations during the first six months of 2013 relates to investments that we continue to carry on our condensed consolidated balance sheet as of June 30, 2013.

(6) Long-lived Assets

Property and Equipment, Net

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

	June 30, 2013	December 31, 2012
	in millions	
Distribution systems	€ 5,441.2	€ 5,331.8
Customer premises equipment	2,071.4	2,012.4
Support equipment, buildings and land	903.0	931.7
	8,415.6	8,275.9
Accumulated depreciation	(4,233.3)	(4,079.5)
Total property and equipment, net	€ 4,182.3	€ 4,196.4

During the six months ended June 30, 2013 and 2012, we recorded non-cash increases to our property and equipment related to (i) certain vendor financing arrangements of €33.9 million and €9.7 million, respectively, and (ii) assets acquired under capital leases of €1.1 million and €0.7 million, respectively. Furthermore, during the six months ended June 30, 2013 and 2012, we recorded non-cash increases to our property and equipment of €10.4 million and €57.5 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 outside of UPC Holding. For additional information, see notes 7 and 11.

Goodwill

Changes in the carrying amount of our goodwill during the six months ended June 30, 2013 are set forth below:

	January 1, 2013	Foreign currency translation adjustments	June 30, 2013
		in millions	
UPC Europe:			
The Netherlands	€ 914.3	€ —	€ 914.3
Switzerland	2,354.9	(46.2)	2,308.7
Other Western Europe	781.5	1.5	783.0
Total Western Europe	4,050.7	(44.7)	4,006.0
Central and Eastern Europe	1,143.9	(40.7)	1,103.2
Total UPC Europe	5,194.6	(85.4)	5,109.2
Chile (VTR)	422.7	(18.5)	404.2
Total	€ 5,617.3	€ (103.9)	€ 5,513.4

If, among other factors, (i) 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.

At June 30, 2013 and December 31, 2012 and based on exchange rates as of those dates, the amount of our accumulated goodwill impairments was €174.1 million and €174.9 million, respectively. These amounts include accumulated impairments related to our broadband communications operations in Romania, which are included within UPC Europe's Central and Eastern Europe segment.

Intangible Assets Subject to Amortization, Net

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

	June 30, 2013			December 31, 2012		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
			in millions			
Customer relationships	€ 926.9	€ (674.4)	€ 252.5	€ 943.3	€ (636.8)	€ 306.5
Other	18.5	(14.6)	3.9	19.6	(11.1)	8.5
Total	€ 945.4	€ (689.0)	€ 256.4	€ 962.9	€ (647.9)	€ 315.0

(7) Debt and Capital Lease Obligations

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

	June 30, 2013		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
				in millions		
Third-party debt:						
Parent - UPC Holding Senior Notes	7.53%	€ —	€ 2,311.3	€ 2,417.2	€ 2,261.6	€ 2,202.0
Subsidiaries:						
UPC Broadband Holding Bank Facility	3.72%	1,046.2	4,183.7	4,163.4	4,191.0	4,142.5
UPCB SPE Notes	6.88%	—	3,305.3	3,411.6	3,169.1	3,140.9
Vendor financing (e)	3.82%	—	167.3	82.9	167.3	82.9
Other	6.60%	—	0.2	0.2	0.2	0.2
Total third-party debt	5.63%	1,046.2	€ 9,967.8	€ 10,075.3	9,789.2	9,568.5
Related-party debt (note 11):						
Shareholder loan (f)	9.79%	—	(g)	(g)	8,538.9	8,712.3
Other (h)	9.29%	—	(g)	(g)	24.6	15.2
Total related-party debt	9.79%	—			8,563.5	8,727.5
Total debt	7.56%	€ 1,046.2			18,352.7	18,296.0
Capital lease obligations					24.0	25.2
Total debt and capital lease obligations					18,376.7	18,321.2
Current maturities					(169.6)	(85.4)
Long-term debt and capital lease obligations					€ 18,207.1	€ 18,235.8

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(a) Represents the weighted average interest rate in effect at June 30, 2013 for all borrowings outstanding pursuant to each debt instrument including any applicable margin. The interest rates presented represent stated rates and do not include the impact of our interest rate derivative contracts, deferred financing costs, original issue discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate variable- and fixed-rate indebtedness was approximately 8.0% at June 30, 2013. For information concerning our derivative instruments, see note 4.

(b) Unused borrowing capacity represents the maximum availability under the applicable facility at June 30, 2013 without regard to covenant compliance calculations or other conditions precedent to borrowing. At June 30, 2013, our availability under the UPC Broadband Holding Bank Facility (as defined and described below) was limited to €508.7 million. When the relevant June 30, 2013 compliance reporting requirements have been completed and assuming no changes from June 30, 2013 borrowing levels, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €365.2 million.

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

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

(e) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are generally due within one year. At June 30, 2013 and December 31, 2012, the amounts owed pursuant to these arrangements include (i) €132.4 million and €73.2 million, respectively, related to third-party vendor financing obligations for which we and LG B.V. are co-obligors, and (ii) €10.7 million and €5.8 million, respectively, of value-added taxes that were paid on our behalf by the vendor. 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 our co-obligor obligation will be reclassified to our related-party account with LG B.V. as the obligations are settled with the applicable third parties. 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.

(f) UPC Holding has an unsecured shareholder loan with its immediate parent, Liberty Global Europe Financing B.V. (LGE Financing), which, as amended, is scheduled to be repaid in 2030 and is subordinated in right of payment to the prior payment in full of the UPC Holding Senior Notes in the event of (i) a total or partial liquidation, dissolution or winding up of UPC Holding, (ii) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to UPC Holding or its property, (iii) an assignment for the benefit of creditors or (iv) any marshaling of UPC Holding's assets or liabilities. Accrued interest is included in other long-term liabilities until the end of each fiscal year and then it is transferred to the loan balance. The interest rate on the shareholder loan is reviewed annually, with adjustments effective on January 1 of each year. The interest rate was 9.79% for both the six months ended June 30, 2013 and 2012. The net decrease in the shareholder loan balance during 2013 includes (a) cash borrowings of €836.6 million (b) cash payments of €1,026.3 million, (c) a €22.7 million non-cash increase related to the settlement of related-party charges and allocations and (d) a €6.4 million non-cash decrease related to the settlement of related-party capital additions. During the six months ended June 30, 2013 and 2012, none of the debt repayments were payments of interest.

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

(h) Represents borrowings under a loan agreement between a subsidiary of Liberty Global and UPC Equipment B.V., an unrestricted subsidiary of UPC Broadband Holding, as contemplated by the UPC Broadband Holding Bank Facility. This note bears interest at 9.29% as of June 30, 2013 and matures in March 2032. The interest rate on this note is reviewed annually, with adjustments effective on January 1 of each year. 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.

UPC Broadband Holding Bank Facility

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

During the first six months of 2013, UPC Broadband Holding entered into various new additional facility accession agreements under the UPC Broadband Holding Bank Facility that resulted in (i) a new term loan facility (Facility AG) in an aggregate amount of €1,472.4 million, (ii) a new term loan facility (Facility AH) in an aggregate amount of $1,305.0 million (€1,003.5 million), (iii) an increase to the existing Facility AG in an aggregate amount of €82.0 million (Facility AG1), (iv) an increase to the existing Facility AE in an aggregate amount of €66.9 million (Facility AE1) and (v) a new redrawable term loan facility (Facility AI) in an aggregate amount of €1,016.2 million. In connection with these transactions, certain lenders under existing Facilities R, S, T, U, W and X novated their drawn and undrawn commitments to Liberty Global Services B.V., a wholly-owned subsidiary of UPC Broadband Holding, and entered into Facilities AG, AH, AG1 or AE1, as applicable, and certain lenders under existing Facilities W and AA entered into Facility AI directly. As a result of these transactions, (a) total commitments of €66.2 million of Facility R, €655.4 million of Facility S and all of Facility U were effectively rolled into Facility AG, (b) all amounts under Facility T and Facility X were effectively rolled into Facility AH, (c) total commitments of €78.4 million and €3.6 million under Facilities R and S, respectively, were effectively rolled into Facility AG1, (d) total commitments of €35.0 million under Facility R were effectively rolled into Facility AE1, (e) undrawn commitments of €31.9 million under Facility W were effectively rolled into Facility AE1 and such amount was fully drawn and (f) total undrawn commitments of €112.2 million and €904.0 million under Facilities W and AA, respectively, were effectively rolled into Facility AI. In addition, Facilities W and AA were cancelled. The terms of Facility AG1 and Facility AE1 are substantially the same as those of Facility AG and Facility AE, respectively. At any time during the twelve-month period that began on March 26, 2013 in the case of Facility AG, including Facility AG1, or April 19, 2013 in the case of Facility AH, upon the occurrence of a voluntary prepayment of any or all of Facility AG, including Facility AG1, or Facility AH, UPC Financing Partnership (UPC Financing), a wholly-owned subsidiary of UPC Holding, has agreed to pay a prepayment fee (in addition to the principal amount of the prepayment) in an amount equal to 1.0% of the principal amount of the outstanding Facility AG, including Facility AG1, or Facility AH advance being prepaid, plus accrued and unpaid interest then due on the amount of the outstanding Facility AG, including Facility AG1, or Facility AH advance prepaid to the date of prepayment. In connection with the prepayment of amounts outstanding under Facilities R, S, T, U and X, we recognized losses on debt modification and extinguishment of €9.0 million including (1) €5.8 million of third-party costs and (2) €3.2 million associated with the write-off deferred financing costs and an unamortized discount.

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

		June 30, 2013			
Facility	**Final maturity date**	**Interest rate**	**Facility amount (in borrowing currency) (a)**	**Unused borrowing capacity (b)**	**Carrying value (c)**
				in millions	
Q	July 31, 2014	EURIBOR + 2.75%	€ 30.0	€ 30.0	€ —
R	December 31, 2015	EURIBOR + 3.25%	€ 111.0	—	111.0
S	December 31, 2016	EURIBOR + 3.75%	€ 545.5	—	545.5
V (d)	January 15, 2020	7.625%	€ 500.0	—	500.0
Y (d)	July 1, 2020	6.375%	€ 750.0	—	750.0
Z (d)	July 1, 2020	6.625%	$ 1,000.0	—	768.9
AC (d)	November 15, 2021	7.250%	$ 750.0	—	576.7
AD (d)	January 15, 2022	6.875%	$ 750.0	—	576.7
AE	December 31, 2019	EURIBOR + 3.75%	€ 602.5	—	602.5
AF	January 31, 2021	LIBOR + 3.00% (e)	$ 500.0	—	380.4
AG	March 31, 2021	EURIBOR + 3.75%	€ 1,554.4	—	1,550.8
AH	June 30, 2021	LIBOR + 2.50% (e)	$ 1,305.0	—	1,000.8
AI	April 30, 2019	EURIBOR + 3.25%	€ 1,016.2	1,016.2	—
Elimination of Facilities V, Y, Z, AC and AD in consolidation (d)				—	(3,172.3)
Total				€ 1,046.2	€ 4,191.0

(a) Except as described in (d) below, amounts represent total third-party facility amounts at June 30, 2013 without giving effect to the impact of discounts.

(b) At June 30, 2013, our availability was limited to €508.7 million. When the relevant June 30, 2013 compliance reporting requirements have been completed and assuming no changes from June 30, 2013 borrowing levels, we anticipate that our availability will be limited to €365.2 million. Facility Q and Facility AI have commitment fees on unused and uncancelled balances of 0.75% and 1.3% per year, respectively.

(c) The carrying values of Facilities AF, AG, and AH include the impact of discounts.

(d) The UPCB SPE Notes were issued by certain special purpose entities (the UPCB SPEs) that were created for the primary purpose of facilitating the offering of certain senior secured notes (the UPCB SPE Notes). The proceeds from the UPCB SPE Notes were used to fund additional Facilities V, Y, Z, AC and AD (each a UPCB Funded Facility), with UPC Financing as the borrower. Each UPCB SPE is dependent on payments from UPC Financing under the applicable UPCB Funded Facility in order to service its payment obligations under its UPCB SPE Notes. Although UPC Financing has no equity or voting interest in any of the UPCB SPEs, each of the UPCB Funded Facility loans creates a variable interest in the respective UPCB SPE for which UPC Financing is the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Financing and its parent entities, including UPC Holding, are required by the provisions of U.S. GAAP to consolidate the UPCB SPEs. As a result, the amounts outstanding under Facilities V, Y, Z, AC and AD are eliminated in our condensed consolidated financial statements.

(e) Facilities AF and AH have LIBOR floors of 1.00% and 0.75%, respectively.

UPC Holding Senior Notes

On March 26, 2013, UPC Holding issued (i) €450.0 million principal amount of 6.75% senior notes (the UPC Holding 6.75% Euro Senior Notes) and (ii) CHF 350.0 million (€284.5 million) principal amount of 6.75% senior notes (the UPC Holding 6.75% CHF Senior Notes and, together with the UPC Holding 6.75% Euro Senior Notes, the UPC Holding 6.75% Senior Notes). The UPC Holding 6.75% Senior Notes mature on March 15, 2023.

On April 25, 2013, the net proceeds from the issuance of the UPC Holding 6.75% Senior Notes were used to redeem in full (a) UPC Holding's €300.0 million principal amount of 8.0% senior notes due 2016 (the UPC Holding 8.0% Senior Notes) and (b) UPC Holding's €400.0 million principal amount of 9.75% senior notes due 2018 (the UPC Holding 9.75% Senior Notes). Our obligations with respect to the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes were legally discharged with the trustee on March 26, 2013 and March 27, 2013, respectively, in connection with the issuance of the UPC Holding 6.75% Senior Notes. The trustee, in turn, paid all amounts due to the holders of the UPC Holding 8.0% Senior Notes and UPC Holding 9.75% Senior Notes on April 25, 2013. We incurred aggregate debt extinguishment losses of €65.9 million during the first quarter of 2013, which include (i) €27.5 million of redemption premiums related to the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes, (ii) the write-off of €18.9 million of unamortized discount related to the UPC Holding 9.75% Senior Notes, (iii) the write-off of €14.7 million of deferred financing costs associated with the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes and (iv) €4.8 million of aggregate interest incurred on the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes between the respective dates that we and the trustee were legally discharged, as described above.

The UPC Holding 6.75% Senior Notes are senior obligations that rank equally with all of the existing and future senior debt of UPC Holding and are senior to all existing and future subordinated debt of UPC Holding. The UPC Holding 6.75% Senior Notes are secured (on a shared basis) by pledges of the shares of UPC Holding. In addition, the UPC Holding 6.75% Senior Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €50.0 million or more in the aggregate of UPC Holding or its Restricted Subsidiaries (as defined in the indenture governing the UPC Holding 6.75% Senior Notes (the UPC Holding 6.75% Senior Notes Indenture)), including UPC Broadband Holding, is an event of default under the UPC Holding 6.75% Senior Notes.

At any time prior to March 15, 2018, UPC Holding may redeem some or all of the UPC Holding 6.75% Senior Notes by paying a "make-whole" premium, which is the present value of all scheduled interest payments until March 15, 2018 by using the discount rate (as specified in the UPC Holding 6.75% Senior Notes Indenture) as of the redemption date, plus 50 basis points. In addition, at any time prior to March 15, 2016, UPC Holding may redeem up to 40% of the UPC Holding 6.75% Senior Notes (at a redemption price of 106.75% of the principal amount) with the net proceeds from one or more specified equity offerings.

The UPC Holding 6.75% Senior Notes contain certain customary incurrence-based covenants. For example, the ability to raise certain additional debt and make certain distributions or loans to other subsidiaries of Liberty Global is subject to a Consolidated Leverage Ratio test, as defined in the UPC Holding 6.75% Senior Notes Indenture.

UPC Holding may redeem some or all of the UPC Holding 6.75% Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and Additional Amounts (as defined in the UPC Holding 6.75% Senior Notes Indenture), if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on March 15 of the years set forth below:

Year	Redemption price
2018	103.375%
2019	102.250%
2020	101.125%
2021 and thereafter	100.000%

UPC Holding may redeem all of the UPC Holding 6.75% Senior Notes at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law. If UPC Holding or certain of its subsidiaries sell certain assets or experience specified changes in control, UPC Holding must offer to repurchase the UPC Holding 6.75% Senior Notes at a redemption price of 101%.

Maturities of Debt and Capital Lease Obligations

The euro equivalents of the maturities of our debt and capital lease obligations as of June 30, 2013 are presented below:

Debt:

	Third-party debt (a)	Shareholder loan and related-party debt	Total
		in millions	
Year ending December 31:			
2013 (remainder of year)	€ 50.5	€ —	€ 50.5
2014	116.9	—	116.9
2015	111.0	—	111.0
2016	545.5	—	545.5
2017	—	—	—
2018	307.6	—	307.6
Thereafter	8,691.7	8,563.5	17,255.2
Total debt maturities	9,823.2	8,563.5	18,386.7
Unamortized discount	(34.0)	—	(34.0)
Total debt	€ 9,789.2	€ 8,563.5	€ 18,352.7
Current portion	€ 167.5	€ —	€ 167.5
Noncurrent portion	€ 9,621.7	€ 8,563.5	€ 18,185.2

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

Capital lease obligations (in millions):

Year ending December 31:		
2013 (remainder of year)	€	2.2
2014		3.4
2015		3.3
2016		3.2
2017		3.0
2018		2.5
Thereafter		19.8
Total principal and interest payments		37.4
Amounts representing interest		(13.4)
Present value of net minimum lease payments	€	24.0
Current portion	€	2.1
Noncurrent portion	€	21.9

Non-cash Refinancing Transactions

During the six months ended June 30, 2013 and 2012, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating €3,020.9 million and €535.5 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:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
Computed expected tax benefit	€ 23.0	€ 52.9	€ 62.8	€ 107.9
Non-deductible or non-taxable interest and other expenses (a)	(16.0)	(49.9)	(108.2)	(96.0)
Change in valuation allowances (a)	(28.8)	(21.2)	5.6	(54.3)
Other, net	(2.1)	(2.5)	—	(1.4)
Total	€ (23.9)	€ (20.7)	€ (39.8)	€ (43.8)

(a) On January 1, 2013, a change in tax legislation was enacted restricting the deductibility of interest expense in the Netherlands. This change resulted in no net impact to our current or deferred income taxes during the three and six months ended June 30, 2013, respectively, as the increases in non-deductible interest were fully offset by decreases in our valuation allowances.

(9) Owners' Deficit

VTR. On February 6, 2013, we and the 20% noncontrolling interest owner in VTR (the VTR NCI Owner) approved a distribution of CLP 50.0 billion (€79.3 million at the applicable rate). The VTR NCI Owner's share of this distribution is CLP 10.0 billion (€15.9 million at the applicable rate). During the six months ended June 30, 2013, VTR paid CLP 35.5 billion (€56.6 million at the applicable rate) of this distribution and we expect that the balance will be paid in various installments during the remainder of 2013.

(10) Share-based Compensation

Our share-based compensation expense includes amounts allocated to our company by Liberty Global and amounts that are based on share-based incentive awards related to shares of one of our subsidiaries. The amounts allocated by Liberty Global to our company represent the share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Share-based compensation expense allocated to our company by Liberty Global is reflected as a decrease to parent's deficit.

The following table summarizes the U.S. dollar and euro equivalent (convenience translations at the applicable average rate for the period) of our share-based compensation expense:

	Three months ended June 30,				Six months ended June 30,			
	2013		2012		2013		2012	
	U.S. $	Euro equivalent	U.S. $	Euro equivalent	U.S. $	Euro equivalent	U.S. $	Euro equivalent
	in millions							
Liberty Global shares:								
Performance-based incentive awards (a)	$ 2.8	€ 2.1	$ 2.7	€ 2.1	$ 4.5	€ 3.4	$ 5.1	€ 3.9
Other share-based incentive awards	3.7	2.8	2.8	2.2	6.7	5.1	5.3	4.1
Total Liberty Global shares	6.5	4.9	5.5	4.3	11.2	8.5	10.4	8.0
Other	0.6	0.5	—	0.1	1.0	0.8	0.8	0.7
Total	$ 7.1	€ 5.4	$ 5.5	€ 4.4	$ 12.2	€ 9.3	$ 11.2	€ 8.7
Included in:								
Operating expense	$ 0.3	€ 0.2	$ —	€ —	$ 0.4	€ 0.3	$ 0.3	€ 0.2
SG&A expense	6.8	5.2	5.5	4.4	11.8	9.0	10.9	8.5
Total	$ 7.1	€ 5.4	$ 5.5	€ 4.4	$ 12.2	€ 9.3	$ 11.2	€ 8.7

(a) Primarily includes share-based compensation expense related to Liberty Global performance-based restricted share units (PSUs).

The following table provides certain information related to share-based compensation not yet recognized for Liberty Global share-based incentive awards held by employees of our subsidiaries as of June 30, 2013:

	Liberty Global ordinary shares (a)		Liberty Global performance-based awards	
	U.S. $	Euro equivalent (b)	U.S. $	Euro equivalent (b)
Total compensation expense not yet recognized (in millions)	$ 35.2	€ 27.1	$ 32.1	€ 24.7
Weighted average period remaining for expense recognition (in years)	3.0		2.5	

(a) Amounts relate to awards granted or assumed by Liberty Global under the Liberty Global, Inc. 2005 Incentive Plan (as amended and restated effective June 7, 2013) (the Liberty Global Incentive Plan). The Liberty Global Incentive Plan had 278,665 shares available for grant as of June 30, 2013. These shares may be awarded in any class of Liberty Global shares.

(b) Convenience translations into euros are calculated as of June 30, 2013.

The following table summarizes certain information related to Liberty Global share-based incentive awards granted to, and exercised by, employees of our subsidiaries.

	Six months ended June 30, 2013	Six months ended June 30, 2012
Assumptions used to estimate fair value of options, share appreciation rights (SARs) and performance-based share appreciation rights (PSARs) granted:		
Risk-free interest rate	0.36 - 1.14%	0.51 - 0.94%
Expected life	3.2 - 4.0 years	3.3 - 5.2 years
Expected volatility	26.9 - 29.0%	35.0 - 40.4%
Expected dividend yield	none	none
Weighted average grant-date fair value per share awards granted:		
SARs	$ 14.18	$ 12.85
PSARs	$ 16.64	$ —
Restricted shares and restricted share units	$ 71.45	$ 49.10
PSUs	$ 70.23	$ 50.17
Total intrinsic value of awards exercised (in millions):		
Options	$ 3.0	$ —
SARs	$ 9.8	$ 7.3
Cash received by Liberty Global from exercise of options (in millions)	$ 1.4	$ —
Income tax benefit related to share-based compensation (in millions)	$ 0.2	$ —

Liberty Global Challenge Performance Awards

Effective June 24, 2013, the compensation committee of Liberty Global's board of directors (the Compensation Committee) approved a grant of challenge performance awards to certain Liberty Global executive officers and key employees (the Challenge Performance Awards). The Challenge Performance Awards consist of a combination of PSARs and PSUs, divided equally between Challenge Performance Awards based on Class A ordinary shares and Challenge Performance Awards based on Class C ordinary shares, for an aggregate of 5,897,500 PSARs and 269,450 PSUs (including 967,500 and 88,076, respectively, granted to employees of our subsidiaries). Each PSU represents the right to receive one Class A ordinary share or one Class C ordinary share, as applicable, subject to performance and vesting. The performance criteria for the Challenge Performance Awards will be based on the Compensation Committee's assessment of the participant's performance and achievement of individual goals in each of the years 2013, 2014 and 2015. As the performance measure, Liberty Global's compensation committee selected high levels of individual performance that must be maintained throughout the performance period based on Liberty Global's internal annual performance rating guidelines. In the event such performance levels are not maintained by a participant, the Compensation Committee has the discretion to reduce by up to 100% the amount of such participant's Challenge Performance Awards. Subject to forfeitures and the satisfaction of performance conditions, 100% of each participant's Challenge Performance Awards will vest on June 24, 2016.

The PSARs have a term of seven years and base prices equal to the respective market closing prices of the applicable class on the grant date, which was $69.70 for the Class A PSARs and $65.56 for the Class C PSARs.

Liberty Global PSUs

Effective April 1, 2013, the Compensation Committee granted Liberty Global's executive officers and certain key employees a total of 307,278 Class A PSUs and 307,278 Class C PSUs (including 97,304 and 97,304 respectively, granted to employees of our subsidiaries) pursuant to the Liberty Global Incentive Plan. Each PSU represents the right to receive one Class A or Class C ordinary share, as applicable, subject to performance and vesting. The performance period for these PSUs (the 2013 PSUs) is

January 1, 2013 to December 31, 2014. As the performance measure, the Compensation Committee selected the compound annual growth rate in Liberty Global's consolidated operating cash flow (OCF CAGR) from 2012 to 2014, as adjusted for events such as acquisitions, dispositions and changes in foreign currency exchange rates and accounting principles or policies that effect comparability. The target OCF CAGR selected by the committee was based upon a comparison of Liberty Global's 2012 actual results to those reflected in Liberty Global's then existing long-range plan for 2014. The target OCF CAGR is subject to upward or downward adjustment for certain events in accordance with the terms of the grant agreement. A performance range of 75% to 125% of the target OCF CAGR would generally result in award recipients earning 50% to 150% of their 2013 PSUs, subject to reduction or forfeiture based on individual performance. One-half of the earned 2013 PSUs will vest on March 31, 2015 and the balance will vest on September 30, 2015. The Compensation Committee also established a minimum OCF CAGR base performance objective, subject to certain limited adjustments, which must be satisfied in order for our named executive officers to be eligible to earn any of their 2013 PSUs.

During 2011, the compensation committee of Liberty Global's board of directors approved the grant to Liberty Global's executive officers and certain key employees of a total of 513,268 Class A PSUs and 513,268 Class C PSUs (including 141,934 and 141,934 respectively, granted to employees of our subsidiaries) pursuant to the Liberty Global Incentive Plan. The performance period for these PSUs (the 2011 PSUs) was January 1, 2011 to December 31, 2012. On March 18, 2013, the Compensation Committee determined that award recipients had earned 93.5% of their 2011 PSUs. One-half of the earned 2011 PSUs held by our employees vested on March 31, 2013 and April 6, 2013 and the remaining 2011 PSUs will vest on September 30, 2013.

Share-Based Award Activity — Liberty Global Ordinary Shares

The following tables summarize the share-based award activity during the six months ended June 30, 2013 with respect to Liberty Global ordinary shares held by employees of our subsidiaries:

Options — Class A ordinary shares	**Number of shares**	**Weighted average exercise price**	**Weighted average remaining contractual term**	**Aggregate intrinsic value**
			in years	**in millions**
Outstanding at January 1, 2013	31,720	$ 22.68		
Exercised	(31,720)	$ 22.68		
Outstanding and exercisable at June 30, 2013	—	$ —	—	$ —

Options — Class C ordinary shares	**Number of shares**	**Weighted average exercise price**	**Weighted average remaining contractual term**	**Aggregate intrinsic value**
			in years	**in millions**
Outstanding at January 1, 2013	31,720	$ 21.66		
Exercised	(31,720)	$ 21.66		
Outstanding and exercisable at June 30, 2013	—	$ —	—	$ —

SARs — Class A ordinary shares	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2013	972,330	$ 40.72		
Transfers	(2,114)	$ 49.99		
Granted	412,128	$ 74.07		
Forfeited	(10,091)	$ 46.31		
Exercised	(117,346)	$ 31.75		
Outstanding at June 30, 2013	1,254,907	$ 52.45	5.5	$ 26.6
Exercisable at June 30, 2013	304,504	$ 35.02	4.3	$ 11.6

SARs — Class C ordinary shares	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2013	976,867	$ 39.23		
Transfers	(2,114)	$ 48.20		
Granted	412,128	$ 68.82		
Forfeited	(10,091)	$ 44.51		
Exercised	(135,015)	$ 29.48		
Outstanding at June 30, 2013	1,241,775	$ 50.05	5.6	$ 22.1
Exercisable at June 30, 2013	291,372	$ 34.60	4.3	$ 9.3

PSARs — Class A ordinary shares	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2013	—	$ —		
Granted	483,750	$ 69.70		
Outstanding at June 30, 2013	483,750	$ 69.70	7.0	$ 1.8
Exercisable at June 30, 2013	—	$ —	—	$ —

PSARs — Class C ordinary shares	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2013	—	$ —		
Granted	483,750	$ 65.56		
Outstanding at June 30, 2013	483,750	$ 65.56	7.0	$ 1.1
Exercisable at June 30, 2013	—	$ —	—	$ —

Restricted shares and share units — Class A ordinary shares	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2013	115,827	$ 41.23	
Transfers	(686)	$ 49.99	
Granted	45,184	$ 74.08	
Forfeited	(3,340)	$ 46.18	
Released from restrictions	(33,776)	$ 31.15	
Outstanding at June 30, 2013	123,209	$ 55.64	2.8

Restricted shares and share units — Class C ordinary shares	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2013	115,827	$ 39.78	
Transfers	(686)	$ 48.20	
Granted	45,184	$ 68.82	
Forfeited	(3,340)	$ 44.39	
Released from restrictions	(33,776)	$ 30.25	
Outstanding at June 30, 2013	123,209	$ 52.87	2.8

PSUs — Class A ordinary shares	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2013	277,564	$ 45.83	
Granted	147,438	$ 72.48	
Forfeited	(9,235)	$ 40.75	
Released from restrictions	(66,344)	$ 40.75	
Outstanding at June 30, 2013	349,423	$ 58.18	1.6

PSUs — Class C ordinary shares	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2013	277,564	$ 44.02	
Granted	147,438	$ 67.97	
Forfeited	(9,235)	$ 39.21	
Released from restrictions	(66,344)	$ 39.21	
Outstanding at June 30, 2013	349,423	$ 55.17	1.6

(11) Related-Party Transactions

Our related-party transactions are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
Revenue	€ 3.1	€ 2.8	€ 6.5	€ 5.5
Operating expenses	(11.9)	(16.6)	(23.8)	(33.5)
SG&A expenses	0.4	0.3	(2.8)	0.5
Allocated share-based compensation expense	(4.9)	(4.3)	(8.5)	(8.0)
Fees and allocations, net	(4.5)	4.7	10.2	5.1
Included in operating income	(17.8)	(13.1)	(18.4)	(30.4)
Interest expense	(213.7)	(213.1)	(428.4)	(428.2)
Interest income	0.1	0.2	0.4	0.2
Included in net loss	€ (231.4)	€ (226.0)	€ (446.4)	€ (458.4)

Revenue. Amounts consist primarily of cash settled construction and programming services provided to our affiliates, cash settled programming services provided to Chellomedia B.V. (Chellomedia) and cash settled backbone capacity provided to Unitymedia KabelBW GmbH (Unitymedia KabelBW), both of which are subsidiaries of Liberty Global that are outside of UPC Holding. In addition, the amounts include cash settled backbone capacity provided by VTR to VTR Wireless of €0.4 million for each of the three months ended June 30, 2013 and 2012 and €0.8 million and €0.7 million for the six months ended June 30, 2013 and 2012, respectively.

Operating expenses. Amounts consist of (i) cash settled programming and digital interactive services provided by Chellomedia, in the aggregate amounts of €13.6 million and €14.7 million for the three months ended June 30, 2013 and 2012, respectively, and €27.6 million and €30.1 million for the six months ended June 30, 2013 and 2012, respectively, and (ii) cash settled programming and interconnect fees charged by certain of Liberty Global's affiliates of €1.3 million and €3.2 million for the three months ended June 30, 2013 and 2012, respectively, and €2.4 million and €6.3 million for the six months ended June 30, 2013 and 2012, respectively. In addition, amounts reflect (i) €2.6 million and €1.5 million for the three months ended June 30, 2013 and 2012, respectively, and €4.4 million and €2.9 million for the six months ended June 30, 2013 and 2012, respectively, of cash settled encryption and other operating expenses charged to Unitymedia KabelBW, (ii) €0.7 million and €0.4 million for the three months ended June 30, 2013 and 2012, respectively, and €1.3 million and €0.6 million for the six months ended June 30, 2013 and 2012, respectively, of net cash settled facilities and other operating expenses charged by VTR to VTR Wireless and (iii) aggregate recharges to (from) LG B.V. and Liberty Global Europe Ltd. (LGE Ltd.) of €0.3 million and €0.6 million for the three months ended June 30, 2013 and 2012, respectively, and (€0.5 million) and €0.6 million for the six months ended June 30, 2013 and 2012, respectively.

SG&A expenses. Amounts consist primarily of (i) net cash settled administrative expenses, primarily between our company, LG B.V., Chellomedia, Unitymedia KabelBW and other subsidiaries of Liberty Global outside of UPC Holding that resulted in charges of €0.4 million and €0.5 million for the three months ended June 30, 2013 and 2012, respectively, and €5.0 million and €1.0 million for the six months ended June 30, 2013 and 2012, respectively, and (ii) net cash settled SG&A expenses between VTR and VTR Wireless that resulted in credits of €0.8 million for each of the three months ended June 30, 2013 and 2012 and €2.2 million and €1.5 million for the six months ended June 30, 2013 and 2012, respectively.

Allocated share-based compensation expense. As further described in note 10, Liberty Global allocates share-based compensation to our company.

Fees and allocations, net. These amounts represent the aggregate net effect of charges between subsidiaries of UPC Holding and various Liberty Global subsidiaries outside of UPC Holding, including (i) charges to Unitymedia KabelBW of €17.3 million and €14.3 million for the three months ended June 30, 2013 and 2012, respectively, and €36.4 million and €27.6 million for the six months ended June 30, 2013 and 2012, respectively, (ii) aggregate charges from LG B.V. and LGE Ltd. of €15.0 million and €13.7 million for the three months ended June 30, 2013 and 2012, respectively, and €23.2 million and €31.3 million for the six months ended June 30, 2013 and 2012, respectively, and (iii) recharges to (from) Liberty Global and certain other Liberty Global subsidiaries of (€6.8 million) and €4.1 million for the three months ended June 30, 2013 and 2012, respectively, and (€3.0 million) and €8.8 million for the six months ended June 30, 2013 and 2012, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to or by our subsidiaries and, in the case of charges to Unitymedia KabelBW, also include charges related to marketing and other services that support Unitymedia KabelBW's broadband communications operations, including the use of the UPC trademark. The amounts charged generally are based on the respective subsidiary's estimated share of the applicable costs incurred (including personnel and other costs related to the services provided) plus a mark-up. The quarterly charges are based on estimated costs that are reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The annual revision to reflect actual costs for 2012 and 2011 amounted to an increase of €2.2 million and a decrease of €0.7 million, respectively, in our billings to Liberty Global and certain other Liberty Global subsidiaries during the six months ended June 30, 2013 and 2012, respectively.

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

Interest income. Amounts represent interest income related to a loan receivable from Unitymedia Hessen GmbH & Co. KG (Unitymedia Hessen), a subsidiary of Unitymedia KabelBW, as described below.

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

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

	June 30, 2013	December 31, 2012
	in millions	
Other current assets (a)	€ 92.1	€ 76.9
Other noncurrent assets (b)	€ —	€ 11.4
Accounts payable	€ 54.8	€ 29.4
Accrued liabilities	111.2	25.1
Shareholder loan (note 7)	8,538.9	8,712.3
Other related-party debt (note 7)	24.6	15.2
Other long-term liabilities (c)	428.7	0.8
Total	€ 9,158.2	€ 8,782.8

(a) Represents various non-interest bearing related party receivables that are typically cash settled on a monthly basis.

(b) The December 31, 2012 amount represents amounts loaned under an agreement between Unitymedia Hessen and Unitymedia International GmbH (UMI), which amounts were repaid during the second quarter of 2013. This note bore interest at 10.0% as of December 31, 2012. Although UPC Holding has no equity or voting interest in UMI, the transactions between UMI and certain of our subsidiaries create a variable interest in UMI for which we are the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Holding is required by the provisions of U.S. GAAP to consolidate UMI. As a result, the transactions between UMI and our subsidiaries are eliminated in our condensed consolidated financial statements.

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

During the six months ended June 30, 2013 and 2012, we recorded aggregate capital charges of €21.0 million and €12.0 million, respectively, in our condensed consolidated statements of owners' deficit in connection with the exercise of Liberty Global SARs and options and the vesting of Liberty Global restricted share awards held by employees of our subsidiaries. These capital charges, which generally are loan settled, are based on the fair value of the underlying Liberty Global shares on the exercise or vesting date, as applicable.

During the six months ended June 30, 2013, LG B.V. leased certain property and equipment on our behalf. This property and equipment was contributed by LG B.V. to our company during six months ended June 30, 2013. As a result, LG B.V.'s €10.4 million carrying value in this property and equipment has been reflected as a decrease to parent's deficit in our condensed consolidated statement of owners' deficit.

(12) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancelable operating leases, programming contracts, satellite carriage commitments, purchases of customer premises equipment and other items. The euro equivalents of such commitments as of June 30, 2013 are presented below:

	Payments due during:							
	Remainder of 2013	Year ending December 31, 2014	2015	2016	2017	2018	Thereafter	Total
	in millions							
Operating leases	€ 46.0	€ 60.2	€ 53.5	€ 45.6	€ 38.9	€ 24.5	€ 146.5	€ 415.2
Programming commitments	40.2	51.0	37.7	34.8	34.5	0.1	—	198.3
Other commitments	165.6	72.7	57.2	41.2	31.5	8.7	32.6	409.5
Total	€ 251.8	€ 183.9	€ 148.4	€ 121.6	€ 104.9	€ 33.3	€ 179.1	€ 1,023.0

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. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the six months ended June 30, 2013 and 2012, the programming and copyright costs incurred by our broadband communications and DTH operations aggregated €266.1 million and €254.5 million, respectively.

Other commitments include (i) purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us, including €53.7 million associated with related-party purchase obligations, (ii) certain fixed minimum contractual commitments associated with our agreements with a municipal authority and (iii) commitments associated with satellite carriage services provided to our company. Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments pursuant to which we expect to make payments in future periods. For information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during the six months ended June 30, 2013 and 2012, see note 4.

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

Contingent Obligations

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

Guarantees and Other Credit Enhancements

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

Legal and Regulatory Proceedings and Other Contingencies

Netherlands Regulatory Developments. In December 2011, the Dutch National Regulatory Authority (OPTA) completed a market assessment of the television market in the Netherlands, concluding that there were no grounds for regulation of that market. On December 22, 2011, referring to its final assessment of the television market, OPTA rejected previously filed requests from a number of providers to perform a new market analysis of the television market. This decision by OPTA was appealed by such providers to the Dutch Supreme Administrative Court. On November 5, 2012, the Dutch Supreme Administrative Court rejected the appeals against OPTA's decision.

In May 2012, the Dutch Senate adopted laws that (i) provide the power to OPTA to impose an obligation for the mandatory resale of television services and to the Commissariaat voor de Media (CvdM) to supervise the resale obligation introduced by these new laws and (ii) provide for "net neutrality" on the internet, including limitations on the ability of broadband service providers to delay, choke or block traffic except under specific circumstances. These laws became effective on January 1, 2013 notwithstanding the above-described November 5, 2012 decision of the Dutch Supreme Administrative Court. On October 24, 2012, the European Commission opened formal infringement proceedings against the Dutch government on the basis that the new laws pertaining to resale breach European Union (EU) law. The Dutch government responded to the infringement proceedings on June 25, 2013 and the European Commission is currently reviewing the response. If such response is deemed to be unsatisfactory to the European Commission, it may refer the matter to the European Court of Justice. We agree with the EU that the new laws pertaining to resale are contrary to EU law and we, along with other market participants, will contest their application.

We have received requests from certain of our competitors under the new CvdM resale regulation and are in early negotiations with these competitors. We cannot predict the outcome of these negotiations nor whether or when we will begin selling our television services in the Netherlands pursuant to the new resale regulation. In this regard, any implementation of a resale regime would likely take several months or more and, if implemented, its application may strengthen our competitors by granting them resale access to our network to offer competing products and services notwithstanding our substantial historical financial outlays in developing the infrastructure. In addition, any resale access granted to our competitors could (i) limit the bandwidth available to us to provide new or expanded products and services to the customers served by our network and (ii) adversely impact our ability to maintain or increase our revenue and cash flows. The new regulation concerning "net neutrality" needs to work within a broader EU framework, requires some implementation by relevant authorities and is subject to challenge by market participants. It is unclear therefore what its impact on our business and the industry in general will be at this stage, if any.

Other Regulatory Issues. Video distribution, broadband internet, fixed-line telephony and content businesses are regulated in each of the countries in which we operate. The scope of regulation varies from country to country, although in some significant respects regulation in European markets is harmonized under the regulatory structure of the 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 capital expenditures. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

Other. In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving value added tax 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 or cash flows in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(13) Segment Reporting

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

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

Beginning in the fourth quarter of 2012, the management responsibility for certain of our operations in Switzerland was transferred to our Austrian operations and, accordingly, such operations are now reported within our Other Western Europe segment. Segment information for the six months ended June 30, 2012 has been retrospectively revised to reflect this change. We have identified the following consolidated operating segments as our reportable segments:

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

All of the reportable segments set forth above derive their revenue primarily from broadband communications services, including video, broadband internet and fixed-line telephony services. All of our reportable segments also provide business-to-business (B2B) services. At June 30, 2013, our UPC Europe operating segments provided broadband communications services in nine European countries and DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia through a Luxembourg-based organization that we refer to as "UPC DTH." Our Other Western Europe segment includes our broadband communications operating segments in Austria and Ireland. Our Central and Eastern Europe segment includes our broadband communications operating segments in the Czech Republic, Hungary, Poland, Romania and Slovakia. VTR provides video, broadband internet and fixed-line telephony services in Chile. UPC Europe's central and other category includes (i) the UPC DTH operating segment, (ii) costs associated with certain centralized functions, including billing systems, network operations, technology, marketing, facilities, finance and other administrative functions and (iii) intersegment eliminations within UPC Europe.

Performance Measures of Our Reportable Segments

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

	Revenue			
	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
UPC Europe:				
The Netherlands	€ 232.1	€ 236.6	€ 470.5	€ 473.5
Switzerland	247.9	243.9	494.8	482.7
Other Western Europe	168.0	162.5	336.7	324.0
Total Western Europe	648.0	643.0	1,302.0	1,280.2
Central and Eastern Europe	215.4	214.2	433.4	428.4
Central and other	25.4	22.5	49.7	44.3
Total UPC Europe	888.8	879.7	1,785.1	1,752.9
Chile (VTR)	187.5	175.2	370.6	346.5
Total	€ 1,076.3	€ 1,054.9	€ 2,155.7	€ 2,099.4

	Operating cash flow			
	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
UPC Europe:				
The Netherlands	€ 131.0	€ 139.2	€ 270.9	€ 278.5
Switzerland	144.8	139.7	282.8	274.6
Other Western Europe	80.8	74.5	160.2	149.8
Total Western Europe	356.6	353.4	713.9	702.9
Central and Eastern Europe	103.5	105.3	209.8	210.2
Central and other	(40.2)	(32.4)	(73.0)	(59.7)
Total UPC Europe	419.9	426.3	850.7	853.4
Chile (VTR)	80.8	76.6	162.0	146.5
Total	€ 500.7	€ 502.9	€ 1,012.7	€ 999.9

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
Total segment operating cash flow	€ 500.7	€ 502.9	€ 1,012.7	€ 999.9
Share-based compensation expense	(5.4)	(4.4)	(9.3)	(8.7)
Related-party fees and allocations, net	(4.5)	4.7	10.2	5.1
Depreciation and amortization	(259.1)	(261.3)	(511.1)	(518.0)
Impairment, restructuring and other operating items, net	1.5	(3.8)	1.4	(3.1)
Operating income	233.2	238.1	503.9	475.2
Interest expense:				
Third-party	(146.7)	(146.6)	(297.1)	(292.9)
Related-party	(213.7)	(213.1)	(428.4)	(428.2)
Interest income	0.8	1.3	2.0	2.6
Realized and unrealized gains (losses) on derivative instruments, net	58.2	111.6	205.8	(197.3)
Foreign currency transaction gains (losses), net	(19.1)	(201.9)	(165.3)	13.1
Realized and unrealized gains due to changes in fair values of certain investments, net	5.3	—	5.0	—
Losses on debt modification and extinguishment, net	(9.0)	—	(75.3)	(3.0)
Other expense, net	(0.8)	(0.9)	(1.6)	(1.1)
Loss before income taxes	€ (91.8)	€ (211.5)	€ (251.0)	€ (431.6)

Revenue by Major Category

Our revenue by major category is set forth below:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
Subscription revenue (a):				
Video	€ 510.6	€ 508.6	€ 1,024.1	€ 1,018.2
Broadband internet (b)	294.6	272.6	584.1	540.2
Telephony (b)	152.7	153.2	307.7	304.9
Total subscription revenue	957.9	934.4	1,915.9	1,863.3
Non-subscription revenue (b) (c)	118.4	120.5	239.8	236.1
Total	€ 1,076.3	€ 1,054.9	€ 2,155.7	€ 2,099.4

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile services revenue. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service.

(b) During the second quarter of 2013, we determined that we would no longer externally report digital subscriber line (DSL) subscribers as RGUs. Accordingly, we have reclassified the revenue from our DSL subscribers in Austria from broadband internet and telephony subscription revenue to non-subscription revenue for all periods presented.

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

Geographic Segments

The revenue of our geographic segments is set forth below:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
Europe:				
The Netherlands	€ 232.1	€ 236.6	€ 470.5	€ 473.5
Switzerland	247.9	243.9	494.8	482.7
Austria	82.1	82.0	164.1	163.7
Ireland	85.9	80.5	172.6	160.3
Poland	86.6	85.5	174.8	172.8
Hungary	48.8	47.5	96.8	93.1
The Czech Republic	41.8	44.1	85.4	88.0
Romania	26.3	25.3	52.5	50.8
Slovakia	11.9	11.8	23.9	23.7
Other (a)	25.4	22.5	49.7	44.3
Total Europe	888.8	879.7	1,785.1	1,752.9
Chile	187.5	175.2	370.6	346.5
Total	€ 1,076.3	€ 1,054.9	€ 2,155.7	€ 2,099.4

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

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

The following discussion and analysis, which should be read in conjunction with our condensed consolidated financial statements and the discussion and analysis included in our 2012 annual report, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Forward-Looking Statements.* This section provides a description of certain of the factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three and six months ended June 30, 2013 and 2012.
- *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 June 30, 2013.

Forward-Looking Statements

Certain statements in this quarterly report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies, our property and equipment additions, subscriber growth and retention rates, competitive and economic factors, the maturity of our markets, anticipated cost increases, liquidity, credit risks, foreign currency risks and target leverage levels. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In addition to the risk factors described in our 2012 annual report, the following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the countries in which we operate;
- the competitive environment in the broadband communications and programming industries in the countries in which we operate, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues in the EU and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of our existing service offerings, including our digital video, broadband internet, fixed-line telephony, mobile and B2B 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 digital 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;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that opens our broadband distribution networks to competitors, such as the obligations imposed in the Netherlands;
- 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;
- 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 to timely deliver quality products, equipment, software and services;
- the availability of attractive programming for our digital video services at reasonable costs;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- 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;
- our ability to successfully integrate and realize anticipated efficiencies from the businesses we acquire;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

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

Overview

We are an international provider of video, broadband internet and fixed-line telephony services, with consolidated operations in nine European countries and in Chile. Our European broadband communications and DTH operations are collectively referred to as "UPC Europe." Our broadband communications operations in Chile are provided through VTR.

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

In September 2012, January 2013 and August 2013, we launched "Horizon TV" in the Netherlands, Switzerland and Ireland, respectively. Horizon TV is a family of media products that allows customers to view and share content across the television, computer, tablet and smartphone. Horizon TV is powered by a user interface that provides customers a seamless intuitive way to access linear, time-shifted, on-demand and web-based content on the television. It also features an advanced set-top box that delivers not only video, but also internet and voice connections along with a wireless network for the home. For our Horizon TV customers, we also offer applications for various services. In the Netherlands and Switzerland, we are working to improve the customer experience and, in the Netherlands, we have initiated the rollout of a redesigned remote control and a software update.

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

We offer broadband internet services in all of our broadband communications markets. Our residential subscribers generally access the internet via cable modems connected to their personal computers at various download speeds ranging up to 250 Mbps, depending on the market and the tier of service selected. We determine pricing for each different tier of broadband internet service through analysis of speed, data limits, market conditions and other factors.

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

We have completed a number of transactions that somewhat impact the comparability of our 2013 and 2012 results of operations.

In May 2012, VTR Wireless, a subsidiary of Liberty Global that is outside of UPC Holding, began offering mobile services in Chile through a combination of its own wireless network and certain third-party wireless access arrangements. As VTR Wireless is outside of UPC Holding, all references to VTR in the following discussion and analysis exclude the operations and financial position of VTR Wireless.

From a strategic perspective, we are seeking to build broadband communications, DTH and programming businesses that have strong prospects for future growth in revenue, operating cash flow (as defined in note 13 to our condensed consolidated financial statements). As discussed further under *Material Changes in Financial Condition — Capitalization* below, we also seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk.

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

At June 30, 2013, we owned and operated networks that passed 18,306,300 homes and served 18,830,100 revenue generating units (RGUs), consisting of 9,158,200 video subscribers, 5,560,200 broadband internet subscribers and 4,111,700 telephony subscribers.

We added a total of 69,400 and 231,600 RGUs on an organic basis during the three and six months ended June 30, 2013, respectively, as compared to 168,200 and 366,200 RGUs that our operations added on an organic basis during the three and six months ended June 30, 2012, respectively. Organic changes in RGUs exclude RGUs of acquired entities at the date of acquisition but include the post-acquisition date RGU additions. The organic RGU growth during the three and six months ended June 30, 2013 is attributable to the growth of our (i) telephony services, which added 69,600 and 182,400 RGUs, respectively, (ii) digital cable services, which added 55,500 and 172,500 RGUs, respectively, (iii) broadband internet services, which added 64,400 and 171,400 RGUs, respectively, and (iv) DTH video services, which added 2,500 and 16,100 RGUs, respectively. The growth of our telephony, digital cable, broadband internet and DTH video services was partially offset by declines in our analog cable RGUs of 120,700 and 306,800, respectively, and less significant declines in our multi-channel multi-point (microwave) distribution system video RGUs.

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

(i) organic declines in total subscription revenue and overall revenue in the Netherlands during the second quarter of 2013, as compared to (a) the first quarter of 2013 and (b) the second quarter of 2012;

(ii) organic declines in subscription revenue from video and fixed-line telephony services in the Netherlands during the second quarter of 2013, as compared to (a) the first quarter of 2013 and (b) the second quarter of 2012;

(iii) organic declines in video RGUs in the Netherlands, Switzerland and most of our other markets during the second quarter of 2013, as net declines in our analog cable RGUs exceeded net additions to our digital cable RGUs (including migrations from analog cable) in these markets;

(iv) organic declines in ARPU from (a) broadband internet in several of our other markets and (b) telephony services in all of our markets during the second quarter of 2013, as compared to the second quarter of 2012; and

(v) organic declines in overall ARPU in the Netherlands and many of our other markets during the second quarter of 2013, as compared to the second quarter of 2012.

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

Eleven countries in the EU, including Austria and Slovakia, are participating in an enhanced cooperation procedure to introduce a financial transactions tax (FTT). Under the draft language of the FTT proposal, a wide range of financial transactions could be taxed at rates of at least 0.01% for derivative transactions based on the notional amount and 0.1% for other covered financial transactions based on the underlying transaction price. Each of the individual countries would be permitted to determine an exact rate, which could be higher than the proposed rates of 0.01% and 0.1%. Any implementation of the FTT could have a global impact because it would apply to all financial transactions where a financial institution is involved (including unregulated entities that engage in certain types of covered activity) and either of the parties (whether the financial institution or its counterparty) is in one of the eleven participating countries. Under the current proposal, the FTT could become effective as early as January 1, 2014, but there is significant uncertainty as to whether the FTT will be implemented and, if implemented, the timing and breadth of application. Any imposition of the FTT could increase banking fees and introduce taxes on internal transactions currently being performed by UPC Holding. Due to the uncertainty regarding the FTT, we are currently unable to estimate the financial impact that the FTT could have on our consolidated financial position or results of operations or cash flows.

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

Material Changes in Results of Operations

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

Changes in foreign currency exchange rates have a significant impact on our reported operating results as certain of our operating segments have functional currencies other than the euro. Our primary exposure to FX risk during the three months ended June 30, 2013 was to the Swiss franc, the Chilean peso and other local currencies in Europe. In addition, our reported operating results are impacted by changes in the exchange rates of other local currencies in Europe. In this regard, 59.4% of our euro revenue during the three months ended June 30, 2013 was derived from subsidiaries whose functional currency is other than the euro. The portions of the changes in the various components of our results of operations that are attributable to changes in FX are highlighted under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* below.

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

Discussion and Analysis of our Reportable Segments

General

All of the reportable segments set forth below derive their revenue primarily from broadband communications services, including video, broadband internet and fixed-line telephony services. All of our reportable segments also provide B2B services. For detailed information concerning the composition of our reportable segments, see note 13 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 operating cash flow (revenue, operating expenses and SG&A expenses, excluding allocable share-based compensation expense, as further discussed in note 13 to our condensed consolidated financial statements) as well as an analysis of operating cash flow by reportable segment for the three and six months ended June 30, 2013 and 2012. These tables present (i) the amounts reported by each of our reportable segments for the comparative periods, (ii) the euro change and percentage change from period to period and (iii) the organic percentage change from period to period (percentage change after removing FX and the estimated impacts of acquisitions). The comparisons that exclude FX assume that exchange rates remained constant at the prior year rate during the comparative periods that are included in each table. We also provide a table showing the operating cash flow margins of our reportable segments for the three and six months ended June 30, 2013 and 2012 at the end of this section.

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

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

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

Revenue of our Reportable Segments

	Three months ended June 30, 2013	Three months ended June 30, 2012	Increase (decrease) €	Increase (decrease) %	Organic increase (decrease) %
	in millions				
UPC Europe:					
The Netherlands	€ 232.1	€ 236.6	€ (4.5)	(1.9)	(2.0)
Switzerland	247.9	243.9	4.0	1.6	4.1
Other Western Europe	168.0	162.5	5.5	3.4	3.4
Total Western Europe	648.0	643.0	5.0	0.8	1.7
Central and Eastern Europe	215.4	214.2	1.2	0.6	0.2
Central and other	25.4	22.5	2.9	12.9	12.8
Total UPC Europe	888.8	879.7	9.1	1.0	1.6
Chile (VTR)	187.5	175.2	12.3	7.0	6.6
Total	€ 1,076.3	€ 1,054.9	€ 21.4	2.0	2.4

	Six months ended June 30, 2013	Six months ended June 30, 2012	Increase (decrease) €	Increase (decrease) %	Organic increase (decrease) %
	in millions				
UPC Europe:					
The Netherlands	€ 470.5	€ 473.5	€ (3.0)	(0.6)	(0.7)
Switzerland	494.8	482.7	12.1	2.5	4.6
Other Western Europe	336.7	324.0	12.7	3.9	3.9
Total Western Europe	1,302.0	1,280.2	21.8	1.7	2.4
Central and Eastern Europe	433.4	428.4	5.0	1.2	0.5
Central and other	49.7	44.3	5.4	12.2	12.2
Total UPC Europe	1,785.1	1,752.9	32.2	1.8	2.2
Chile (VTR)	370.6	346.5	24.1	7.0	5.3
Total	€ 2,155.7	€ 2,099.4	€ 56.3	2.7	2.7

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

The Netherlands. The decreases in the Netherlands' revenue during the three and six months ended June 30, 2013, as compared to the corresponding periods in 2012, include (i) organic decreases of €4.7 million or 2.0% and €3.4 million or 0.7%, respectively, and (ii) the impact of an acquisition, as set forth below:

	Three-month period			Six-month period		
	Subscription revenue	**Non-subscription revenue**	**Total**	**Subscription revenue**	**Non-subscription revenue**	**Total**
	in millions					
Increase (decrease) in subscription revenue due to change in:						
Average number of RGUs (a)	€ —	€ —	€ —	€ 2.1	€ —	€ 2.1
ARPU (b)	(3.1)	—	(3.1)	(5.3)	—	(5.3)
Decrease in non-subscription revenue (c)	—	(1.6)	(1.6)	—	(0.2)	(0.2)
Organic decrease	(3.1)	(1.6)	(4.7)	(3.2)	(0.2)	(3.4)
Impact of an acquisition	0.2	—	0.2	0.4	—	0.4
Total	€ (2.9)	€ (1.6)	€ (4.5)	€ (2.8)	€ (0.2)	€ (3.0)

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(a) The changes in the Netherlands' subscription revenue related to changes in the average numbers of RGUs are attributable to the net effect of (i) increases in the average numbers of telephony, broadband internet and digital cable RGUs and (ii) declines in the average numbers of analog cable RGUs. The declines in the average numbers of analog cable RGUs led to (a) declines in the average numbers of the Netherlands' total video RGUs during the three and six months ended June 30, 2013, as compared to the corresponding periods in 2012, and (b) a decline in the average number of total RGUs during the three months ended June 30, 2013, as compared to the corresponding period in 2012.

(b) The decreases in the Netherlands' subscription revenue related to changes in ARPU are due to the net effect of (i) net decreases resulting primarily from the following factors: (a) lower ARPU due to decreases in telephony call volumes and (b) lower ARPU due to the impacts of higher bundling and promotional discounts that more than offset the positive impacts of (1) the inclusion of higher-priced tiers of digital cable, broadband internet and telephony services in our promotional bundles and (2) July 2012 price increases for bundled services and a January 2013 price increase for certain analog cable services and (ii) improvements in RGU mix, attributable to higher proportions of digital cable, broadband internet and telephony RGUs.

(c) The decreases in the Netherlands' non-subscription revenue are primarily attributable to the net effect of (i) increases in installation revenue, largely related to Horizon TV, (ii) decreases in interconnect revenue, due primarily to the impact of an August 1, 2012 reduction in fixed termination rates, and (iii) decreases in B2B revenue.

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

Switzerland. The increases in Switzerland's revenue during the three and six months ended June 30, 2013, as compared to the corresponding periods in 2012, include (i) organic increases of €10.1 million or 4.1% and €22.0 million or 4.6%, respectively, (ii) the impact of an acquisition and (iii) the impact of FX, as set forth below:

	Three-month period			Six-month period		
	Subscription revenue	Non-subscription revenue	Total	Subscription revenue	Non-subscription revenue	Total
	in millions					
Increase in subscription revenue due to change in:						
Average number of RGUs (a)	€ 5.8	€ —	€ 5.8	€ 12.5	€ —	€ 12.5
ARPU (b)	4.5	—	4.5	7.1	—	7.1
Increase (decrease) in non-subscription revenue (c)	—	(0.2)	(0.2)	—	2.4	2.4
Organic increase (decrease)	10.3	(0.2)	10.1	19.6	2.4	22.0
Impact of an acquisition	—	—	—	0.3	—	0.3
Impact of FX	(5.4)	(0.7)	(6.1)	(8.8)	(1.4)	(10.2)
Total	€ 4.9	€ (0.9)	€ 4.0	€ 11.1	€ 1.0	€ 12.1

(a) The increases in Switzerland's subscription revenue related to changes in the average numbers of RGUs are attributable to increases in the average numbers of digital cable, telephony and broadband internet RGUs that were only partially offset by declines in the average numbers of analog cable RGUs. The declines in the average numbers of analog cable RGUs led to declines in the average numbers of Switzerland's total video RGUs during the three and six months ended June 30, 2013, as compared to the corresponding periods in 2012.

(b) The increases in Switzerland's subscription revenue related to changes in ARPU are due to the net effect of (i) improvements in RGU mix, attributable to higher proportions of digital cable, broadband internet and telephony RGUs, and (ii) a slight net increase during the three-month period and a net decrease during the six-month period resulting primarily from the following factors: (a) higher ARPU due to the inclusion of higher-priced tiers of broadband internet services and, to a lesser extent, digital cable services in our promotional bundles, (b) lower ARPU due to the impacts of bundling discounts, (c) lower ARPU due to decreases in telephony call volumes for customers on usage-based calling plans and (d) higher ARPU due to a January 2013 price increase for a basic cable connection, as discussed below, and, to a lesser extent, a June 2013 price increase for broadband internet services.

(c) The changes in Switzerland's non-subscription revenue are primarily attributable to the net effect of (i) increases in installation revenue of €1.6 million and €4.2 million, respectively, (ii) decreases in sales of customer premises equipment, primarily due to the unencryption described below, and (iii) declines in revenue from usage-based wholesale residential telephony services. The increases in installation revenue include increases of €1.4 million and €2.8 million, respectively, associated with a change in how we recognize installation revenue in Switzerland as a result of a change in how we market and deliver services upon the unencryption of the basic tier of digital television channels in November 2012, as further described below.

In October 2012, we announced an agreement with the Swiss Price Regulator pursuant to which we will make certain changes to Switzerland's service offerings in exchange for progressive increases in the price of Switzerland's basic cable connection over the next two years. In this regard, (i) effective November 1, 2012, we began offering a basic tier of digital television channels on an unencrypted basis in our Switzerland footprint and (ii) effective January 3, 2013, for video subscribers who pay the required upfront activation fee, we made available, at no additional monthly charge, a 2.0 Mbps internet connection, which was an increase from the previously-offered 300 Kbps internet connection. In addition, the price for a cable connection increased by CHF 0.90 (€0.73) effective January 1, 2013 and a further increase of CHF 0.60 (€0.49) will take effect on January 1, 2014. Although the above changes in Switzerland's service offerings may negatively impact certain revenue streams, we believe that the positive impact of the price increases in 2013 and 2014 will offset such negative impacts and place us in a position where we can continue to increase our revenue and RGUs in Switzerland. No assurance can be given that our assessment of the net impact of these changes in our service offerings and prices will prove to be accurate or that we will be able to continue to grow our revenue and RGUs in Switzerland.

Other Western Europe. During the three and six months ended June 30, 2013, Other Western Europe's revenue increased €5.5 million or 3.4% and €12.7 million or 3.9%, respectively, as compared to the corresponding periods in 2012, as set forth below:

	Three-month period			**Six-month period**		
	Subscription revenue	**Non-subscription revenue**	**Total**	**Subscription revenue**	**Non-subscription revenue**	**Total**
			in millions			
Increase (decrease) in subscription revenue due to change in (a):						
Average number of RGUs (b).....	€ 8.5	€ —	€ 8.5	€ 17.8	€ —	€ 17.8
ARPU (c)	(3.1)	—	(3.1)	(7.2)	—	(7.2)
Increase in non-subscription revenue (a) (d)	—	0.1	0.1	—	2.1	2.1
Total	€ 5.4	€ 0.1	€ 5.5	€ 10.6	€ 2.1	€ 12.7

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(a) During the second quarter of 2013, we determined that we would no longer externally report DSL subscribers as RGUs. Accordingly, we have reclassified the revenue from our DSL subscribers in Austria from broadband internet and telephony subscription revenue to non-subscription revenue for all periods presented.

(b) The increases in Other Western Europe's subscription revenue related to changes in the average numbers of RGUs are attributable to increases in the average numbers of telephony, broadband internet and digital cable RGUs in each of Ireland and Austria that were only partially offset by declines in the average numbers of analog cable RGUs in each of Austria and Ireland and, to a lesser extent, MMDS video RGUs in Ireland. The declines in the average numbers of analog cable and MMDS video RGUs led to declines in the average numbers of total video RGUs in each of Ireland and Austria during the three and six months ended June 30, 2013, as compared to the corresponding periods in 2012.

(c) The decreases in Other Western Europe's subscription revenue related to changes in ARPU are attributable to decreases in ARPU in each of Ireland and Austria. The decreases in Ireland's ARPU are primarily due to the net effect of (i) lower ARPU due to the impact of bundling discounts and (ii) higher ARPU due to the inclusion of higher-priced tiers of broadband internet and digital cable services in our promotional bundles. The decreases in Austria's ARPU are primarily due to the net effect of (a) lower ARPU due to the impact of bundling discounts, (b) higher ARPU due to January 2013 price increases for digital and analog cable and broadband internet services and (c) lower ARPU due to higher proportions of subscribers selecting lower-priced tiers of broadband internet services. In addition, Other Western Europe's overall ARPU was impacted by adverse changes in RGU mix, primarily attributable to lower proportions of digital cable RGUs in Ireland.

(d) The increases in Other Western Europe's non-subscription revenue are due primarily to increases in installation revenue and B2B telephony services in Ireland.

Central and Eastern Europe. The increases in Central and Eastern Europe's revenue during the three and six months ended June 30, 2013, as compared to the corresponding periods in 2012, include (i) organic increases of €0.4 million or 0.2% and €2.0 million or 0.5%, respectively, (ii) the impact of an acquisition and (iii) the impact of FX, as set forth below:

	Three-month period			Six-month period		
	Subscription revenue	Non-subscription revenue	Total	Subscription revenue	Non-subscription revenue	Total
	in millions					
Increase (decrease) in subscription revenue due to change in:						
Average number of RGUs (a)	€ 5.0	€ —	€ 5.0	€ 11.4	€ —	€ 11.4
ARPU (b)	(4.4)	—	(4.4)	(9.8)	—	(9.8)
Increase (decrease) in non-subscription revenue (c)	—	(0.2)	(0.2)	—	0.4	0.4
Organic increase (decrease)	0.6	(0.2)	0.4	1.6	0.4	2.0
Impact of an acquisition	0.6	—	0.6	2.5	—	2.5
Impact of FX	(0.1)	0.3	0.2	0.5	—	0.5
Total	€ 1.1	€ 0.1	€ 1.2	€ 4.6	€ 0.4	€ 5.0

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(a) The increases in Central and Eastern Europe's subscription revenue related to changes in the average numbers of RGUs are attributable to increases in the average numbers of digital cable, telephony and broadband internet RGUs in Poland, Romania, Hungary and Slovakia that were only partially offset by declines in the average numbers of (i) analog cable RGUs in each country within our Central and Eastern Europe segment and (ii) digital cable, telephony and broadband internet RGUs in the Czech Republic. As a result, each country within our Central and Eastern Europe segment experienced declines in the average numbers of total video RGUs during the three and six months ended June 30, 2013, as compared to the corresponding periods in 2012.

(b) The decreases in Central and Eastern Europe's subscription revenue related to changes in ARPU are primarily due to the net effect of (i) lower ARPU due to the impacts of higher bundling discounts, (ii) higher ARPU due to the inclusion of higher-priced tiers of broadband internet and digital cable services in our promotional bundles, (iii) lower ARPU from digital cable services and (iv) lower ARPU due to decreases in telephony call volume for customers on usage-based calling plans. In addition, Central and Eastern Europe's overall ARPU was positively impacted by improvements in RGU mix, primarily attributable to higher proportions of digital cable and, to a lesser extent, broadband internet RGUs.

(c) The changes in Central and Eastern Europe's non-subscription revenue are due to individually insignificant changes in various non-subscription revenue categories.

Chile (VTR). The increases in VTR's revenue during the three and six months ended June 30, 2013, as compared to the corresponding periods in 2012, include (i) organic increases of €11.5 million or 6.6% and €18.3 million or 5.3%, respectively, and (ii) the impact of FX, as set forth below:

	Three-month period			**Six-month period**		
	Subscription revenue	**Non-subscription revenue**	**Total**	**Subscription revenue**	**Non-subscription revenue**	**Total**
			in millions			
Increase in subscription revenue due to change in:						
Average number of RGUs (a)	€ 8.7	€ —	€ 8.7	€ 16.3	€ —	€ 16.3
ARPU (b)	3.3	—	3.3	3.6	—	3.6
Decrease in non-subscription revenue (c)	—	(0.5)	(0.5)	—	(1.6)	(1.6)
Organic increase (decrease)	12.0	(0.5)	11.5	19.9	(1.6)	18.3
Impact of FX	0.7	0.1	0.8	5.3	0.5	5.8
Total	€ 12.7	€ (0.4)	€ 12.3	€ 25.2	€ (1.1)	€ 24.1

(a) The increases in VTR's subscription revenue related to changes in the average numbers of RGUs are due to increases in the average numbers of digital cable, broadband internet and telephony RGUs that were only partially offset by declines in the average numbers of analog cable RGUs.

(b) The increases in VTR's subscription revenue related to changes in ARPU are due to (i) improvements in RGU mix, primarily attributable to higher proportions of digital cable RGUs, and (ii) net increases resulting from the following factors: (a) higher ARPU due to the impacts of lower bundling and promotional discounts, (b) lower ARPU from analog and digital cable services, largely due to higher proportions of subscribers selecting lower-priced tiers of services, (c) higher ARPU due to semi-annual inflation and other price adjustments for video, broadband internet and telephony services and (d) lower ARPU due to decreases in telephony call volume for customers on usage-based plans.

(c) The decreases in VTR's non-subscription revenue are due to individually insignificant changes in various non-subscription revenue categories.

Operating Expenses of our Reportable Segments

	Three months ended June 30, 2013	Three months ended June 30, 2012	Increase (decrease) €	Increase (decrease) %	Organic increase (decrease) %
	in millions				
UPC Europe:					
The Netherlands	€ 72.0	€ 70.6	€ 1.4	2.0	1.9
Switzerland	68.5	71.3	(2.8)	(3.9)	(1.5)
Other Western Europe	63.8	64.7	(0.9)	(1.4)	(1.4)
Total Western Europe	204.3	206.6	(2.3)	(1.1)	(0.3)
Central and Eastern Europe	82.1	80.7	1.4	1.7	1.1
Central and other	27.3	21.7	5.6	25.8	26.0
Total UPC Europe	313.7	309.0	4.7	1.5	1.9
Chile (VTR)	77.4	71.3	6.1	8.6	8.2
Total operating expenses excluding share-based compensation expense	391.1	380.3	10.8	2.8	3.1
Share-based compensation expense	0.2	—	0.2	N.M.	
Total	€ 391.3	€ 380.3	€ 11.0	2.9	

	Six months ended June 30, 2013	Six months ended June 30, 2012	Increase (decrease) €	Increase (decrease) %	Organic increase %
	in millions				
UPC Europe:					
The Netherlands	€ 144.2	€ 141.7	€ 2.5	1.8	1.7
Switzerland	138.3	140.2	(1.9)	(1.4)	0.7
Other Western Europe	129.7	128.9	0.8	0.6	0.6
Total Western Europe	412.2	410.8	1.4	0.3	1.0
Central and Eastern Europe	165.2	163.5	1.7	1.0	—
Central and other	51.3	41.5	9.8	23.6	23.6
Total UPC Europe	628.7	615.8	12.9	2.1	2.3
Chile (VTR)	151.0	142.0	9.0	6.3	4.7
Total operating expenses excluding share-based compensation expense	779.7	757.8	21.9	2.9	2.7
Share-based compensation expense	0.3	0.2	0.1	50.0	
Total	€ 780.0	€ 758.0	€ 22.0	2.9	

N.M. — Not Meaningful.

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

UPC Europe. UPC Europe's operating expenses (exclusive of share-based compensation expense) increased €4.7 million or 1.5% and €12.9 million or 2.1%, during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases include €0.4 million and €1.4 million, respectively, attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, UPC Europe's operating expenses increased €5.9 million or 1.9% and €13.9 million or 2.3%, respectively. These increases include the following factors:

- Increases in programming and related costs of €3.7 million or 2.9% and €11.0 million or 4.4%, respectively, due largely to growth in digital video services in the Netherlands and Ireland;

- Increases in personnel costs of €3.5 million or 4.4% and €5.9 million or 3.7%, respectively, primarily due to (i) increased staffing levels, predominantly in UPC Europe's central operations and the Netherlands, and (ii) annual wage increases, primarily in the Netherlands, UPC Europe's central operations and Switzerland;

- Decreases in interconnect costs of €3.5 million or 7.7% and €5.7 million or 6.2%, respectively, due primarily to (i) lower rates in the Netherlands and (ii) lower usage in Switzerland; and

- Increases in outsourced labor and professional fees of €3.7 million or 9.0% and €3.8 million or 4.5%, respectively, primarily due to (i) higher consulting costs related to development costs associated with the Horizon TV platform incurred in UPC Europe's central operations, (ii) higher call center costs in the Netherlands and Switzerland and (iii) higher outsourced labor costs associated with customer-facing activities in Poland. These increases were partially offset by lower call center costs in Hungary, due primarily to reduced proportions of calls handled by third parties.

Chile (VTR). VTR's operating expenses (exclusive of share-based compensation expense) increased €6.1 million or 8.6% and €9.0 million or 6.3% during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. Excluding the effects of FX, VTR's operating expenses increased €5.8 million or 8.2% and €6.7 million or 4.7%, respectively. These increases include the following factors:

- Increases in programming and related costs of €2.6 million or 9.3% and €3.8 million or 7.1%, respectively, primarily associated with growth in digital cable services;

- Increases in outsourced labor and professional fees of €2.7 million or 52.0% and €2.2 million or 20.0%, respectively, primarily attributable to a €2.3 million non-recurring charge recorded during the second quarter of 2013 to provide for VTR's mandated share of severance and other labor-related obligations that were incurred by a VTR contractor in connection with such contractor's bankruptcy; and

- Increases in personnel costs of €0.8 million or 9.6% and €1.2 million or 6.9%, respectively, due primarily to higher bonus accruals.

SG&A Expenses of our Reportable Segments

	Three months ended June 30, 2013	Three months ended June 30, 2012	Increase €	Increase %	Organic increase %
	in millions				
UPC Europe:					
The Netherlands	€ 29.1	€ 26.8	€ 2.3	8.6	8.3
Switzerland	34.6	32.9	1.7	5.2	7.8
Other Western Europe	23.4	23.3	0.1	0.4	0.4
Total Western Europe	87.1	83.0	4.1	4.9	5.9
Central and Eastern Europe	29.8	28.2	1.6	5.7	4.8
Central and other	38.3	33.2	5.1	15.4	15.3
Total UPC Europe	155.2	144.4	10.8	7.5	7.8
Chile (VTR)	29.3	27.3	2.0	7.3	7.0
Total SG&A expenses excluding share-based compensation expense	184.5	171.7	12.8	7.5	7.7
Share-based compensation expense	5.2	4.4	0.8	18.2	
Total	€ 189.7	€ 176.1	€ 13.6	7.7	

	Six months ended June 30, 2013	Six months ended June 30, 2012	Increase (decrease) €	Increase (decrease) %	Organic increase (decrease) %
	in millions				
UPC Europe:					
The Netherlands	€ 55.4	€ 53.3	€ 2.1	3.9	3.5
Switzerland	73.7	67.9	5.8	8.5	10.7
Other Western Europe	46.8	45.3	1.5	3.3	3.3
Total Western Europe	175.9	166.5	9.4	5.6	6.4
Central and Eastern Europe	58.4	54.7	3.7	6.8	6.0
Central and other	71.4	62.5	8.9	14.2	14.2
Total UPC Europe	305.7	283.7	22.0	7.8	8.1
Chile (VTR)	57.6	58.0	(0.4)	(0.7)	(2.4)
Total SG&A expenses excluding share-based compensation expense	363.3	341.7	21.6	6.3	6.3
Share-based compensation expense	9.0	8.5	0.5	5.9	
Total	€ 372.3	€ 350.2	€ 22.1	6.3	

General. 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.

UPC Europe. UPC Europe's SG&A expenses (exclusive of share-based compensation expense) increased €10.8 million or 7.5% and €22.0 million or 7.8% during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases include €0.2 million and €0.6 million, respectively, attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, UPC Europe's SG&A expenses increased €11.3 million or 7.8% and €22.9 million or 8.1%, respectively. These increases include the following factors:

- Increases in personnel costs of €5.0 million or 6.0% and €11.0 million or 6.6%, respectively, due largely to (i) increased staffing levels, primarily in UPC Europe's central operations, Switzerland, Hungary and the Czech Republic, and (ii) annual wage increases, primarily in the Netherlands, UPC Europe's central operations and Switzerland. The increases in personnel costs also include the impact of a new employee wage tax in the Netherlands, which was authorized in the third quarter of 2012;

- Increases in outsourced labor and professional fees of €3.1 million or 21.5% and €5.8 million or 19.3%, respectively, due largely to higher consulting costs in UPC Europe's central operations and the Netherlands; and

- Increases in information technology-related expenses of €1.2 million or 13.1% and €3.0 million or 15.5%, respectively, due largely to higher software maintenance costs, primarily in the Netherlands, Hungary and Poland.

Chile (VTR). VTR's SG&A expenses (exclusive of share-based compensation expense) increased (decreased) €2.0 million or 7.3% and (€0.4 million) or (0.7%) during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. Excluding the effects of FX, VTR's SG&A expenses increased (decreased) €1.9 million or 7.0% and (€1.4 million) or (2.4%), respectively. These increases (decreases) are primarily due to the net effect of (i) decreases in sales and marketing costs of €2.4 million or 11.4% during the six-month period, due primarily to lower advertising costs and (ii) increases in personnel costs of €2.2 million or 25.3% and €2.0 million or 11.2%, respectively, due primarily to higher bonus accruals and sales commissions.

Operating Cash Flow of our Reportable Segments

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

	Three months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2013	2012	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 131.0	€ 139.2	€ (8.2)	(5.9)	(5.9)
Switzerland	144.8	139.7	5.1	3.7	6.1
Other Western Europe	80.8	74.5	6.3	8.5	8.5
Total Western Europe	356.6	353.4	3.2	0.9	1.9
Central and Eastern Europe	103.5	105.3	(1.8)	(1.7)	(1.8)
Central and other	(40.2)	(32.4)	(7.8)	(24.1)	(24.3)
Total UPC Europe	419.9	426.3	(6.4)	(1.5)	(0.7)
Chile (VTR)	80.8	76.6	4.2	5.5	4.9
Total	€ 500.7	€ 502.9	€ (2.2)	(0.4)	0.1

	Six months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2013	2012	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 270.9	€ 278.5	€ (7.6)	(2.7)	(2.8)
Switzerland	282.8	274.6	8.2	3.0	5.0
Other Western Europe	160.2	149.8	10.4	6.9	6.9
Total Western Europe	713.9	702.9	11.0	1.6	2.3
Central and Eastern Europe	209.8	210.2	(0.4)	(0.2)	(0.6)
Central and other	(73.0)	(59.7)	(13.3)	(22.3)	(22.3)
Total UPC Europe	850.7	853.4	(2.7)	(0.3)	0.2
Chile (VTR)	162.0	146.5	15.5	10.6	8.8
Total	€ 1,012.7	€ 999.9	€ 12.8	1.3	1.5

Operating Cash Flow Margin

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
		%		
UPC Europe:				
The Netherlands	56.4	58.8	57.6	58.8
Switzerland	58.4	57.3	57.2	56.9
Other Western Europe	48.1	45.8	47.6	46.2
Total Western Europe	55.0	55.0	54.8	54.9
Central and Eastern Europe	48.1	49.2	48.4	49.1
Total UPC Europe, including central and other	47.2	48.5	47.7	48.7
Chile (VTR)	43.1	43.7	43.7	42.3

With the exception of the Netherlands and Central and Eastern Europe, the operating cash flow margins of our reportable segments improved or remained largely consistent with the prior year periods. As discussed above under *Overview,* the Netherlands is experiencing significant competition from the incumbent telecommunications operator, who is overbuilding our network in the Netherlands using FTTH and advanced DSL technologies. As a result, the Netherlands is experiencing lower operating cash flow margins during 2013, as compared to 2012, and we believe the Netherlands will be challenged to maintain its current operating cash flow margin during the remainder of 2013 and future periods. In Central and Eastern Europe, competitive, economic and other factors contributed to the decline in operating cash flow margins. In addition, the operating cash flow margins of UPC Europe during the 2013 periods were negatively impacted by increases in the operating cash flow deficits of the European Operations Division's central and other category, which increases are primarily attributable to higher personnel and consulting costs, due in part to increased levels of strategic initiatives. VTR's operating cash flow margins were impacted by the adverse effect of a non-recurring charge related to a contractor bankruptcy and, during the six-month period, the positive impact of lower advertising costs.

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

Discussion and Analysis of our Consolidated Operating Results

General

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

Revenue

Our revenue by major category is set forth below:

	Three months ended June 30, 2013	Three months ended June 30, 2012	Increase (decrease) €	Increase (decrease) %	Organic increase (decrease) %
	in millions				
Subscription revenue (a):					
Video	€ 510.6	€ 508.6	€ 2.0	0.4	0.8
Broadband internet (b)	294.6	272.6	22.0	8.1	8.6
Telephony (b)	152.7	153.2	(0.5)	(0.3)	0.1
Total subscription revenue	957.9	934.4	23.5	2.5	3.0
Non-subscription revenue (b) (c)	118.4	120.5	(2.1)	(1.7)	(1.6)
Total	€ 1,076.3	€ 1,054.9	€ 21.4	2.0	2.4

	Six months ended June 30, 2013	Six months ended June 30, 2012	Increase €	Increase %	Organic increase %
	in millions				
Subscription revenue (a):					
Video	€ 1,024.1	€ 1,018.2	€ 5.9	0.6	0.6
Broadband internet (b)	584.1	540.2	43.9	8.1	8.1
Telephony (b)	307.7	304.9	2.8	0.9	0.8
Total subscription revenue	1,915.9	1,863.3	52.6	2.8	2.8
Non-subscription revenue (b) (c)	239.8	236.1	3.7	1.6	2.0
Total	€ 2,155.7	€ 2,099.4	€ 56.3	2.7	2.7

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile services revenue. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service.

(b) During the second quarter of 2013, we determined that we would no longer externally report DSL subscribers as RGUs. Accordingly, we have reclassified the revenue from our DSL subscribers in Austria from broadband internet and telephony subscription revenue to non-subscription revenue for all periods presented.

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

Total revenue. Our consolidated revenue increased €21.4 million and €56.3 million during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases include €0.8 million and €3.2 million, respectively, attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, total consolidated revenue increased €25.7 million or 2.4% and €56.9 million or 2.7%, respectively.

Subscription revenue. The details of the increases in our consolidated subscription revenue for the three and six months ended June 30, 2013, as compared to the corresponding periods in 2012, are as follows:

	Three-month period	Six-month period
	in millions	
Increase (decrease) due to change in:		
Average number of RGUs	€ 30.7	€ 65.0
ARPU	(3.1)	(12.8)
Organic increase	27.6	52.2
Impact of acquisitions	0.8	3.2
Impact of FX	(4.9)	(2.8)
Total increase in subscription revenue	€ 23.5	€ 52.6

Excluding the effects of acquisitions and FX, our consolidated subscription revenue increased €27.6 million or 3.0% and €52.2 million or 2.8% during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases are attributable to (i) increases in subscription revenue from broadband internet services of €23.4 million or 8.6% and €43.9 million or 8.1%, respectively, primarily due to increases in the average numbers of broadband internet RGUs and higher ARPU, (ii) increases in subscription revenue from video services of €4.1 million or 0.8% and €5.9 million or 0.6%, respectively, as the impacts of higher ARPU from video services were only partially offset by declines in the average numbers of video RGUs and (iii) increases in subscription revenue from telephony services of €0.1 million or 0.1% and €2.4 million or 0.8%, respectively, as the impacts of increases in the average numbers of telephony RGUs were only partially offset by lower ARPU from telephony services.

Non-subscription revenue. Excluding the effects of acquisitions and FX, our consolidated non-subscription revenue increased (decreased) (€1.9 million) or (1.6%) and €4.7 million or 2.0% during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. This increase (decrease) is primarily attributable to the net impacts of (i) increases in installation revenue and (ii) decreases in fixed-line interconnect revenue.

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

Operating expenses

Our operating expenses increased €11.0 million and €22.0 million during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases include €0.4 million and €1.4 million attributable to the impact of acquisitions. Our operating expenses include share-based compensation expense, which increased €0.2 million and €0.1 million during the three and six months ended June 30, 2013, respectively. For additional information, see the discussion following *SG&A expenses* below. Excluding the effects of acquisitions, FX and share-based compensation expense, our operating expenses increased €11.7 million or 3.1% and €20.6 million or 2.7% during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases are primarily attributable to the net effect of (i) increases in programming and related costs, (ii) increases in personnel costs, (iii) increases in outsourced labor and professional fees and (iv) decreases in interconnect 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 €13.6 million and €22.1 million during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases include €0.2 million and €0.6 million attributable to the impact of acquisitions. Our SG&A expenses include share-based compensation expense, which increased €0.8 million and €0.5 million during the three and six months ended June 30, 2013, respectively. For additional information, see the discussion in the following paragraph. Excluding the effects of acquisitions, FX and share-based compensation expense, our SG&A expenses increased €13.2 million or 7.7% and €21.5 million or 6.3% during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases are primarily attributable to net increases in (i) personnel costs, (ii) outsourced labor and professional fees and (iii) information technology-related expenses. 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 operating and SG&A expenses)

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
Liberty Global shares:				
Performance-based incentive awards (a)	€ 2.1	€ 2.1	€ 3.4	€ 3.9
Other share-based incentive awards	2.8	2.2	5.1	4.1
Total Liberty Global shares	4.9	4.3	8.5	8.0
Other	0.5	0.1	0.8	0.7
Total	€ 5.4	€ 4.4	€ 9.3	€ 8.7
Included in:				
Operating expense	€ 0.2	€ —	€ 0.3	€ 0.2
SG&A expense	5.2	4.4	9.0	8.5
Total	€ 5.4	€ 4.4	€ 9.3	€ 8.7

(a) Primarily includes share-based compensation expense related to Liberty Global PSUs.

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

Depreciation and amortization expense

Our depreciation and amortization expense decreased €2.2 million and €6.9 million during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. Excluding the effects of FX, depreciation and amortization expense decreased €1.1 million or 0.4% and €5.8 million or 1.1%, respectively, due primarily to the net effect of (i) increases associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, (ii) decreases associated with certain assets becoming fully depreciated, largely in Switzerland, Chile, the Netherlands and the Czech Republic and (iii) decreases associated with fully amortized customer relationships, primarily in Hungary and Chile.

Impairment, restructuring and other operating items, net

We recognized net charges (credits) related to our impairment, restructuring and other operating items of (€1.5 million) and (€1.4 million) during the three and six months ended June 30, 2013, respectively, as compared to €3.8 million and €3.1 million during the three and six months ended June 30, 2012, respectively.

If, among other factors, (i) 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 increased €0.1 million and €4.2 million during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases are primarily attributable to the net effect of (i) higher average outstanding debt balances and (ii) lower weighted average interest rates. The decreases in our weighted average interest rates are primarily related to (a) the completion of certain financing transactions that resulted in extended maturities and net decreases to certain of our interest rates and (b) decreases in certain of the base rates for our variable-rate indebtedness. For additional information regarding our outstanding indebtedness, see note 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 consolidated related-party interest expense primarily relates to the interest expense on our shareholder loan. Our total consolidated related-party interest expense remained relatively flat during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. For additional information, see note 7 to our condensed consolidated financial statements.

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

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

	Three months ended June 30,		**Six months ended June 30,**	
	2013	**2012**	**2013**	**2012**
	in millions			
Cross-currency and interest rate derivative contracts (a)	€ 61.9	€ 98.5	€ 194.8	€ (203.8)
Foreign currency forward contracts	(3.4)	13.7	11.1	5.2
Embedded derivatives	(0.3)	(0.6)	(0.1)	1.3
Total	€ 58.2	€ 111.6	€ 205.8	€ (197.3)

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(a) The gains during the 2013 periods are primarily attributable to the net effect of (i) gains associated with increases in market interest rates in the Swiss franc, euro and Polish zloty markets, (ii) losses associated with increases in market interest rates in the U.S. dollar market, (iii) gains associated with decreases in the values of the Polish zloty, Swiss franc, Chilean peso, and Czech koruna relative to the euro and (iv) gains associated with a decrease in the value of the Chilean peso and, during the six-month period, the Swiss franc and the euro, relative to the U.S. dollar. In addition, the gains during the 2013 periods include a net gain (loss) of €6.4 million and (€17.6 million), respectively, resulting from changes in our credit risk valuation adjustments. The gain during the 2012 three-month period is primarily attributable to the net effect of (i) gains associated with an increase in the value of U.S. dollar relative to the euro, (ii) gains associated with decreases in the values of the Swiss franc and Chilean peso relative to the U.S. dollar, (iii) losses associated with decreases in market interest rates in the Chilean peso, Hungarian forint, Swiss franc and euro markets, (iv) gains associated with decreases in market interest rates in the U.S. dollar market, (v) losses associated with increases in the values of the Hungarian forint and Chilean peso relative to the euro and (vi) gains associated with decreases in the values of the Polish zloty and Czech koruna relative to the euro. The loss during the 2012 six-month period is primarily attributable to the net effect of (i) losses associated with increases in the values of the Hungarian forint, Polish zloty, Chilean peso and Swiss franc relative to the euro, (ii) losses associated with decreases in market interest rates in the Hungarian forint, euro and Swiss franc markets, (iii) gains associated with decreases in market interest rates in the U.S. dollar market, (iv) gains associated with an increase in the value of the U.S. dollar relative to the euro, (v) gains associated with a decrease in the value of the Swiss franc relative to the U.S. dollar and (vi) losses associated with an increase in the value of the Chilean peso relative to the U.S. dollar. In addition, the gains (losses) during the 2012 periods include net losses of €57.7 million and €45.2 million, respectively, resulting from changes in our credit risk valuation adjustments.

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

Foreign currency transaction gains (losses), net

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	in millions			
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a)	€ (45.2)	€ (113.5)	€ (141.5)	€ 48.6
U.S. dollar denominated debt issued by euro functional currency entities	27.0	(87.6)	(21.9)	(39.2)
Cash and restricted cash denominated in a currency other than the entity's functional currency	0.4	2.6	(0.7)	5.6
Other	(1.3)	(3.4)	(1.2)	(1.9)
Total	€ (19.1)	€ (201.9)	€ (165.3)	€ 13.1

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

Losses on debt modification and extinguishment, net

We recognized losses on debt modification and extinguishment, net, of €9.0 million and €75.3 million during the three and six months ended June 30, 2013, respectively, as compared to nil and €3.0 million, during the three and six months ended June 30, 2012, respectively. The loss during the 2013 six-month period includes (i) aggregate debt extinguishment losses of UPC Holding of €65.9 million during the first quarter, which include (a) €27.5 million of aggregate redemption premiums related to the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes, (b) the write-off of €18.9 million of unamortized discount related to the UPC Holding 9.75% Senior Notes, (c) the write-off of €14.7 million of aggregate deferred financing costs associated with the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes and (d) €4.8 million of aggregate interest incurred on the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes between the respective dates that we and the trustee were legally discharged and (ii) losses on debt modification and extinguishment of €9.0 million during the second quarter in connection with the prepayment of amounts outstanding under Facilities R, S, T, U and X of the UPC Broadband Holding Bank Facility, including (1) €5.8 million of third-party costs and (2) €3.2 million associated with the write-off of deferred financing costs and an unamortized discount.

The loss during the 2012 six-month period includes (i) third-party costs of €1.5 million during the first quarter associated with the execution of Facility AE under the UPC Broadband Holding Bank Facility and (ii) the write-off of €1.5 million of deferred financing costs during the first quarter in connection with the prepayment of amounts outstanding under Facilities M, N and O under the UPC Broadband Holding Bank Facility.

For additional information concerning 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 €23.9 million and €20.7 million during the three months ended June 30, 2013 and 2012, respectively.

The income tax expense during the three months ended June 30, 2013 differs from the expected income tax benefit of €23.0 million (based on the Dutch 25.0% income tax rate) due primarily to the negative impact of (i) a net increase in valuation allowances and (ii) certain permanent differences between the financial and tax accounting treatment of interest and other items, due mostly to a change in tax legislation enacted on January 1, 2013 restricting the deductibility of interest expense in the Netherlands.

The income tax expense during the three months ended June 30, 2012 differs from the expected income tax benefit of €52.9 million (based on the Dutch 25.0% income tax rate) due primarily to the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of interest and other items and (ii) a net increase in valuation allowances.

We recognized income tax expense of €39.8 million and €43.8 million during the six months ended June 30, 2013 and 2012, respectively.

The income tax expense during the six months ended June 30, 2013 differs from the expected income tax benefit of €62.8 million (based on the Dutch 25.0% income tax rate) due primarily to the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items, due mostly to a change in tax legislation enacted on January 1, 2013 restricting the deductibility of interest expense in the Netherlands. The negative impact of this item was partially offset by the positive impact of a net decrease in valuation allowances.

The income tax expense during the six months ended June 30, 2012 differs from the expected income tax benefit of €107.9 million (based on the Dutch 25.0% income tax rate) due primarily to the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of interest and other items and (ii) a net increase in valuation allowances.

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

Net loss

During the three months ended June 30, 2013 and 2012, we reported net losses of €115.7 million and €232.2 million, respectively, including (i) operating income of €233.2 million and €238.1 million, respectively, (ii) non-operating expense of €325.0 million and €449.6 million, respectively, and (iii) income tax expense of €23.9 million and €20.7 million, respectively.

During the six months ended June 30, 2013 and 2012, we reported net losses of €290.8 million and €475.4 million, respectively, including (i) operating income of €503.9 million and €475.2 million, respectively, (ii) non-operating expense of €754.9 million and €906.8 million, respectively, and (iii) income tax expense of €39.8 million and €43.8 million, respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments, (ii) movements in foreign currency exchange rates and (iii) the disposition of assets and changes in ownership are subject to a high degree of volatility, and as such, any gains from these sources do not represent reliable sources of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from continuing operations is largely dependent on our ability to increase our aggregate operating cash flow to a level that more than offsets the aggregate amount of our (a) 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 taxes.

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

Net earnings attributable to noncontrolling interests

Net earnings attributable to noncontrolling interests increased €1.9 million and €1.4 million during the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases are primarily attributable to improvements in the results of VTR.

Material Changes in Financial Condition

Sources and Uses of Cash

As a holding company, UPC Holding's primary assets are its investments in consolidated subsidiaries. UPC Holding's primary subsidiary is UPC Broadband Holding, which owns all of the operating subsidiaries that are consolidated by UPC Holding. Although our consolidated operating subsidiaries have generated cash from operating activities, the terms of the instruments governing the indebtedness of UPC Broadband Holding may restrict our ability to access the assets of these subsidiaries. As set forth in the table below, these subsidiaries accounted for substantially all of our consolidated cash and cash equivalents at June 30, 2013. 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.

Cash and cash equivalents

The details of the euro equivalent balances of our consolidated cash and cash equivalents at June 30, 2013 are set forth in the following table. With the exception of UPC Holding, which is reported on a standalone basis, the amounts presented below include the cash and cash equivalents of the named entity and its subsidiaries unless otherwise noted (in millions):

Cash and cash equivalents held by:		
UPC Holding	€	0.8
UPC Broadband Holding (excluding VTR)		31.2
VTR		31.1
Total cash and cash equivalents	€	63.1

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 funding would be available on favorable terms, or at all.

The ongoing cash needs of UPC Holding include corporate general and administrative expenses, interest payments on the UPC Holding Senior Notes and payments required by UPC Holding's derivative instruments. From time to time, UPC Holding may also require cash in connection with (i) the repayment of outstanding debt (including the purchase 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), (ii) the funding of loans or distributions to LGE Financing (and ultimately Liberty Global and other Liberty Global subsidiaries), (iii) the satisfaction of contingent liabilities, (iv) acquisitions or (v) other investment opportunities.

Liquidity of Subsidiaries

The cash and cash equivalents of our significant subsidiaries are detailed in the table above. In addition to cash and cash equivalents, the primary sources of liquidity of our subsidiaries are cash provided by operations and, in the case of UPC Broadband Holding, borrowing availability under the UPC Broadband Holding Bank Facility. For the details of the borrowing availability under the UPC Broadband Holding Bank Facility at June 30, 2013, see note 7 to our condensed consolidated financial statements. Our subsidiaries' liquidity generally is used to fund capital expenditures and debt service requirements. From time to time, our subsidiaries may also require funding in connection with (i) acquisitions and other investment opportunities, (ii) loans to UPC Holding or other Liberty Global subsidiaries or (iii) capital distributions to UPC Holding. No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

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

Capitalization

We seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk. In this regard, we generally seek to cause our operating subsidiaries to maintain their debt at levels that result in a consolidated debt balance that is between four and five times our consolidated operating cash flow, although it should be noted that the timing of our acquisitions and financing transactions may temporarily cause this ratio to exceed our targeted range. The ratio of our June 30, 2013 Senior Debt to our annualized EBITDA (last two quarters annualized) for UPC Holding was 3.78x for the quarter ended June 30, 2013. In addition, the ratio of our June 30, 2013 Total Debt to our annualized EBITDA (last two quarters annualized) for the quarter ended June 30, 2013 was 4.87x, with each ratio defined and calculated in accordance with the UPC Broadband Holding Bank Facility.

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

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

At June 30, 2013, our outstanding consolidated third-party debt and capital lease obligations aggregated €9,813.2 million, including €169.6 million that is classified as current in our condensed consolidated balance sheet and €8,687.1 million that is due in 2019 or thereafter.

We believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our maturing debt grows in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is difficult to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments will impact the credit and equity markets we access and our future 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 June 30, 2013.

For additional information concerning 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. The condensed consolidated statements of cash flows for the six months ended June 30, 2013 and 2012 are summarized as follows:

	Six months ended June 30,		
	2013	2012	Change
		in millions	
Net cash provided by operating activities	€ 560.0	€ 559.8	€ 0.2
Net cash used by investing activities	(334.3)	(428.3)	94.0
Net cash used by financing activities	(219.1)	(216.5)	(2.6)
Effect of exchange rate changes on cash	(1.8)	7.4	(9.2)
Net increase (decrease) in cash and cash equivalents	€ 4.8	€ (77.6)	€ 82.4

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

Investing Activities. The decrease in net cash used by our investing activities is due primarily to (i) a decrease in cash used associated with lower capital expenditures of €44.4 million and (ii) a decrease in cash used associated with lower cash paid in connection with acquisitions of €37.1 million.

The capital expenditures that we report in our consolidated statements of cash flows do not include (i) amounts that our company has financed under 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 our shareholder loan or non-cash contributions from our parent (non-cash related-party capital additions). Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and in the case of vendor financing and capital lease arrangements and non-cash related-party capital additions that are settled through increases to our shareholder loan, as repayments of debt when the principal is repaid. In the following discussion, we present (i) our capital expenditures as reported in our consolidated statements of cash flows, which exclude non-cash related-party capital additions and amounts financed under 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 vendor financing or capital lease arrangements. For additional information, see notes 6 and 7 to our condensed consolidated financial statements.

UPC Europe accounted for (i) €279.9 million and €304.8 million of our consolidated capital expenditures during the six months ended June 30, 2013 and 2012, respectively, and (ii) €441.9 million and €364.2 million of our consolidated property and equipment additions during the six months ended June 30, 2013 and 2012, respectively. The increase in UPC Europe's property and equipment additions is due primarily to the net effect of (i) an increase in expenditures for support capital, (ii) an increase in expenditures for the purchase and installation of customer premises equipment, (iii) an increase in expenditures for new build and upgrade projects to expand services and (iv) a decrease due to FX.

VTR accounted for (i) €65.5 million and €85.0 million of our consolidated capital expenditures during the six months ended June 30, 2013 and 2012, respectively, and (ii) €80.3 million and €87.8 million of our consolidated property and equipment additions during the six months ended June 30, 2013 and 2012, respectively. The decrease in VTR's property and equipment additions is due primarily to the net effect of (i) a decrease in expenditures for the purchase and installation of customer premises equipment, (ii) a decrease in expenditures for new build and upgrade projects, (iii) an increase in expenditures for support capital and (iv) an increase due to FX.

Financing Activities. The increase in net cash used by our financing activities is primarily attributable to the net effect of (i) a decrease in cash used related to higher net borrowings of third-party debt of €89.9 million, (ii) an increase in cash used related to changes in cash collateral of €49.6 million, (iii) an increase in cash used due to higher payments for financing costs and debt premiums of €49.5 million, (iv) a decrease in cash used due to lower cash payments related to derivative instruments of €27.4 million and (v) an increase in cash used related to distributions by subsidiaries to noncontrolling interest owners of €9.0 million.

Off Balance Sheet Arrangements

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

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

Contractual Commitments

The euro equivalents of our commitments as of June 30, 2013 are presented below:

	Payments due during:							
	Remainder of 2013	Year ending December 31, 2014	2015	2016	2017	2018	Thereafter	Total
	in millions							
Debt (excluding interest):								
Third-party	€ 50.5	€ 116.9	€ 111.0	€ 545.5	€ —	€ 307.6	€ 8,691.7	€ 9,823.2
Related-party	—	—	—	—	—	—	8,563.5	8,563.5
Capital leases (excluding interest)	1.2	1.8	1.8	1.9	1.8	1.4	14.1	24.0
Operating leases	46.0	60.2	53.5	45.6	38.9	24.5	146.5	415.2
Programming commitments	40.2	51.0	37.7	34.8	34.5	0.1	—	198.3
Other commitments	165.6	72.7	57.2	41.2	31.5	8.7	32.6	409.5
Total (a)	€ 303.5	€ 302.6	€ 261.2	€ 669.0	€ 106.7	€ 342.3	€ 17,448.4	€ 19,433.7
Projected cash interest payments on third-party debt and capital lease obligations (b)	€ 269.1	€ 541.7	€ 562.8	€ 567.6	€ 535.9	€ 520.6	€ 1,323.5	€ 4,321.2

(a) The commitments reflected in this table do not reflect any liabilities that are included in our June 30, 2013 balance sheet other than debt and capital lease obligations. Our liability for uncertain tax positions in the various jurisdictions in which we operate (€12.0 million at June 30, 2013) 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 June 30, 2013. 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, discounts or premiums, all of which affect our overall cost of borrowing. Amounts associated with related-party debt are excluded from the table.

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. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the six months ended June 30, 2013 and 2012, the programming and copyright costs incurred by our broadband communications and DTH operations aggregated €266.1 million and €254.5 million, respectively.

Other commitments include (i) purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us, including €53.7 million associated with related-party purchase obligations, (ii) certain fixed minimum contractual commitments associated with our agreements with a municipal authority and (iii) commitments associated with satellite carriage services provided to our company. Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments pursuant to which we expect to make payments in future periods. For information concerning projected cash flows associated with these derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* below. For information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during the six months ended June 30, 2013 and 2012, see note 4 to our condensed consolidated financial statements.

We also have commitments pursuant to (i) pension and similar arrangements and (ii) 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 June 30, 2013. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, see note 4 to our condensed consolidated financial statements.

	Payments (receipts) due during:							
	Remainder of 2013	Year ended December 31,						
		2014	2015	2016	2017	2018	Thereafter	Total
	in millions							
Projected derivative cash payments (receipts), net:								
Interest-related (a)	€ 109.6	€ 380.1	€ 57.0	€ 152.3	€ 22.2	€ 11.9	€ (7.9)	€ 725.2
Principal-related (b)	—	288.8	16.8	95.7	9.3	(23.5)	(29.2)	357.9
Other	(0.7)	0.9	—	(1.3)	(2.5)	(27.1)	—	(30.7)
Total	€ 108.9	€ 669.8	€ 73.8	€ 246.7	€ 29.0	€ (38.7)	€ (37.1)	€ 1,052.4

(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 cross-currency interest rate swap contracts.

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