UPC HOLDING B.V.

Condensed Consolidated Financial Statements
September 30, 2012

UPC Holding B.V.
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The Netherlands

UPC HOLDING B.V.

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UPC HOLDING B.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2012	December 31, 2011
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 71.0	€ 126.5
Trade receivables, net	308.7	419.3
Deferred income taxes	28.2	76.6
Derivative instruments (note 4)	76.4	117.2
Prepaid expenses	41.1	31.7
Other current assets (note 11)	77.2	121.5
Total current assets	602.6	892.8
Investments (including €21.4 million and €21.3 million, respectively, measured at fair value) (note 3)	22.8	23.3
Property and equipment, net (note 6)	4,190.4	4,109.3
Goodwill (note 6)	5,627.9	5,509.3
Intangible assets subject to amortization, net (note 6)	338.5	406.0
Other assets, net (notes 4 and 11)	530.7	469.2
Total assets	€ 11,312.9	€ 11,409.9

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)
(unaudited)

	September 30, 2012	December 31, 2011
	in millions	
LIABILITIES AND OWNERS' DEFICIT		
Current liabilities:		
Accounts payable (note 11)	€ 203.6	€ 275.7
Accrued liabilities (note 11)	602.8	538.2
Deferred revenue and advance payments from subscribers and others	256.3	429.0
Accrued interest	127.7	135.4
Derivative instruments (note 4)	328.1	395.7
Current portion of debt and capital lease obligations (note 7):		
Third-party	65.4	80.8
Related-party (note 11)	80.8	—
Total current liabilities	1,664.7	1,854.8
Long-term debt and capital lease obligations (note 7):		
Third-party	9,590.4	8,964.6
Related-party (note 11)	8,073.9	8,693.8
Derivative instruments (note 4)	1,263.5	1,199.1
Other long-term liabilities (note 11)	875.6	226.8
Total liabilities	21,468.1	20,939.1
Commitments and contingencies (notes 4, 7 and 12)		
Owners' deficit (note 9):		
Parent's deficit:		
Distributions and accumulated losses in excess of contributions	(10,907.6)	(10,219.7)
Accumulated other comprehensive earnings, net of taxes	589.4	536.0
Total parent's deficit	(10,318.2)	(9,683.7)
Noncontrolling interests	163.0	154.5
Total owners' deficit	(10,155.2)	(9,529.2)
Total liabilities and owners' deficit	€ 11,312.9	€ 11,409.9

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
	in millions			
Revenue (notes 11 and 13)	€ 1,080.6	€ 1,017.9	€ 3,180.0	€ 2,988.9
Operating costs and expenses:				
Operating (other than depreciation and amortization) (including stock-based compensation) (notes 10 and 11)	377.2	356.9	1,135.2	1,076.3
Selling, general and administrative (SG&A) (including stock-based compensation) (notes 10 and 11)	171.7	160.8	521.9	482.1
Related-party fees and allocations, net (note 11)	(11.1)	(5.7)	(16.2)	(0.9)
Depreciation and amortization	272.8	243.2	790.8	722.9
Impairment, restructuring and other operating items, net (notes 6 and 12)	(0.8)	10.7	2.3	14.3
	809.8	765.9	2,434.0	2,294.7
Operating income	270.8	252.0	746.0	694.2
Non-operating income (expense):				
Interest expense:				
Third-party	(148.1)	(132.1)	(441.0)	(377.4)
Related-party (note 11)	(219.4)	(166.2)	(647.6)	(495.0)
Interest income (note 11)	1.5	0.8	4.1	2.8
Realized and unrealized gains (losses) on derivative instruments, net (note 4)	(165.1)	221.9	(362.4)	(56.8)
Foreign currency transaction gains (losses), net	99.6	(297.4)	112.7	(96.7)
Realized and unrealized gains (losses) due to changes in fair values of certain investments, net (notes 3 and 5)	0.1	(10.3)	—	(9.5)
Losses on debt modification and extinguishment, net (note 7)	—	(0.3)	(3.0)	(11.7)
Other income (expense), net	0.7	(0.4)	(0.3)	(1.4)
	(430.7)	(384.0)	(1,337.5)	(1,045.7)
Loss before income taxes	(159.9)	(132.0)	(591.5)	(351.5)
Income tax expense (note 8)	(33.0)	(4.2)	(76.8)	(49.2)
Net loss	(192.9)	(136.2)	(668.3)	(400.7)
Net earnings attributable to noncontrolling interests	(10.5)	(4.2)	(25.0)	(17.1)
Net loss attributable to parent	€ (203.4)	€ (140.4)	€ (693.3)	€ (417.8)

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 September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	in millions			
Net loss	€ (192.9)	€ (136.2)	€ (668.3)	€ (400.7)
Other comprehensive earnings, net of taxes:				
Foreign currency translation adjustments	2.2	22.8	62.0	40.8
Other	—	—	—	0.2
Other comprehensive earnings	2.2	22.8	62.0	41.0
Comprehensive loss	(190.7)	(113.4)	(606.3)	(359.7)
Comprehensive earnings attributable to noncontrolling interests	(13.5)	(1.5)	(33.6)	(5.4)
Comprehensive loss attributable to parent	€ (204.2)	€ (114.9)	€ (639.9)	€ (365.1)

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UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENT OF OWNERS' DEFICIT
(unaudited)

	Parent's deficit				
	Distributions and accumulated losses in excess of contributions	Accumulated other comprehensive earnings, net of taxes	Total parent's deficit	Non-controlling interests	Total owners' deficit
			in millions		
Balance at January 1, 2012	€ (10,219.7)	€ 536.0	€ (9,683.7)	€ 154.5	€ (9,529.2)
Net loss	(693.3)	—	(693.3)	25.0	(668.3)
Other comprehensive earnings, net of taxes	—	53.4	53.4	8.6	62.0
Stock-based compensation (note 10)	12.3	—	12.3	—	12.3
Distributions by subsidiaries to noncontrolling interest owners (note 9)	—	—	—	(25.1)	(25.1)
Capital charge in connection with the exercise of LGI stock incentive awards (notes 10 and 11)	(15.8)	—	(15.8)	—	(15.8)
Property and equipment contributed by parent company (note 6)	6.5	—	6.5	—	6.5
Adjustments due to changes in subsidiaries' equity and other, net	2.4	—	2.4	—	2.4
Balance at September 30, 2012	€ (10,907.6)	€ 589.4	€ (10,318.2)	€ 163.0	€ (10,155.2)

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

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended September 30,	
	2012	2011
	in millions	
Cash flows from operating activities:		
Net loss	€ (668.3)	€ (400.7)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock-based compensation expense	14.1	9.9
Related-party fees and allocations, net	(16.2)	(0.9)
Depreciation and amortization	790.8	722.9
Impairment, restructuring and other operating items, net	2.3	14.3
Non-cash interest on shareholder loan	647.6	495.0
Amortization of deferred financing costs and non-cash interest accretion	15.8	12.9
Realized and unrealized losses on derivative instruments, net	362.4	56.8
Foreign currency transaction losses (gains), net	(112.7)	96.7
Realized and unrealized losses due to changes in fair values of certain investments, net	0.1	9.5
Losses on debt modification and extinguishment, net	3.0	11.7
Deferred income tax expense	47.5	28.6
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions	(367.7)	(368.2)
Net cash provided by operating activities	718.7	688.5
Cash flows from investing activities:		
Capital expenditures	(557.7)	(595.6)
Cash paid in connection with acquisitions, net of cash acquired	(38.1)	(603.3)
Proceeds from sale of investments and other assets	4.2	18.1
Other investing activities, net	(11.0)	(3.0)
Net cash used by investing activities	€ (602.6)	€ (1,183.8)

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)

	Nine months ended September 30,	
	2012	2011
	in millions	
Cash flows from financing activities:		
Repayments and repurchases of third-party debt and capital lease obligations	€ (625.3)	€ (1,567.4)
Borrowings of third-party debt	1,160.3	2,300.6
Net repayments of related-party debt	(670.0)	(219.7)
Change in cash collateral	49.6	—
Net cash paid related to derivative instruments	(55.1)	(6.8)
Payment of financing costs and debt premiums	(14.7)	(14.7)
Other financing activities, net	(24.7)	(32.4)
Net cash provided (used) by financing activities	(179.9)	459.6
Effect of exchange rate changes on cash	8.3	(8.3)
Net decrease in cash and cash equivalents	(55.5)	(44.0)
Cash and cash equivalents:		
Beginning of period	126.5	123.1
End of period	€ 71.0	€ 79.1
Cash paid for interest	€ 435.2	€ 375.7
Net cash paid for taxes	€ 23.0	€ 20.3

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

(1) Basis of Presentation

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

UPC Holding is an international provider of video, broadband internet and telephony services, with consolidated operations at September 30, 2012 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 LGI 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 2011 annual report.

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

Unless otherwise indicated, ownership percentages and convenience translations into euros are calculated as of September 30, 2012.

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

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through November 14, 2012, the date of issuance.

(2) Acquisition

2011 Acquisition

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

Pro Forma Information

The following unaudited pro forma condensed operating results for the three and nine months ended September 30, 2011 give effect to the Aster Acquisition, as if it had been completed as of January 1, 2010. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if this transaction had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

	Three months ended September 30, 2011	Nine months ended September 30, 2011
	in millions	
Revenue	€ 1,040.7	€ 3,066.3
Net loss attributable to parent	€ (141.4)	€ (417.5)

(3) Investments

The details of our investments are set forth below:

Accounting Method	September 30, 2012	December 31, 2011
	in millions	
Fair value	€ 21.4	€ 21.3
Equity	1.0	1.6
Cost	0.4	0.4
Total	€ 22.8	€ 23.3

(4) Derivative Instruments

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

	September 30, 2012			December 31, 2011		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b)	€ 75.1	€ 341.2	€ 416.3	€ 115.0	€ 312.2	€ 427.2
Foreign currency forward contracts	0.5	5.8	6.3	1.5	0.2	1.7
Embedded derivatives	0.8	0.5	1.3	0.7	0.3	1.0
Total	€ 76.4	€ 347.5	€ 423.9	€ 117.2	€ 312.7	€ 429.9
Liabilities:						
Cross-currency and interest rate derivative contracts (b)	€ 325.6	€ 1,262.6	€ 1,588.2	€ 394.9	€ 1,195.9	€ 1,590.8
Foreign currency forward contracts	2.0	—	2.0	0.1	2.1	2.2
Embedded derivatives	0.5	0.9	1.4	0.7	1.1	1.8
Total	€ 328.1	€ 1,263.5	€ 1,591.6	€ 395.7	€ 1,199.1	€ 1,594.8

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

(b) We consider credit risk in our fair value assessments. As of September 30, 2012 and December 31, 2011, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €19.9 million and €34.6 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €103.3 million and €188.5 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our subsidiaries' debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net losses of €25.6 million and €70.8 million during the three and nine months ended September 30, 2012, respectively, and net gains of €48.5 million and €75.5 million during the three and nine months ended September 30, 2011, 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 September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	in millions			
Cross-currency and interest rate derivative contracts	€ (165.4)	€ 208.5	€ (369.2)	€ (42.5)
Foreign currency forward contracts	—	14.3	5.2	(14.1)
Embedded derivatives	0.3	(0.9)	1.6	(0.2)
Total	€ (165.1)	€ 221.9	€ (362.4)	€ (56.8)

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

	Nine months ended September 30,	
	2012	2011
	in millions	
Operating activities	€ (312.6)	€ (321.2)
Financing activities	(55.1)	(6.8)
Total	€ (367.7)	€ (328.0)

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 September 30, 2012, our exposure to credit risk included derivative assets with a fair value of €423.9 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 September 30, 2012 are as follows:

Subsidiary / Final maturity date (a)	Notional amount due from counterparty		Notional amount due to counterparty		Interest rate due from counterparty	Interest rate due to counterparty
	in millions					
UPC Holding:						
April 2016 (b)	$	400.0	CHF	441.8	9.88%	9.87%
UPC Broadband Holding B.V. (UPC Broadband Holding), a subsidiary of UPC Holding:						
October 2017	$	500.0	€	364.9	6 mo. LIBOR + 3.50%	6 mo. EURIBOR + 3.41%
November 2019	$	500.0	€	362.9	7.25%	7.74%
January 2020	$	197.5	€	150.5	6 mo. LIBOR + 4.92%	6 mo. EURIBOR + 4.91%
December 2016	$	340.0	CHF	370.9	6 mo. LIBOR + 3.50%	6 mo. CHF LIBOR + 4.01%
December 2014	$	171.5	CHF	187.1	6 mo. LIBOR + 2.75%	6 mo. CHF LIBOR + 2.95%
December 2014	€	898.4	CHF	1,466.0	6 mo. EURIBOR + 1.68%	6 mo. CHF LIBOR + 1.94%
December 2014 - December 2016	€	360.4	CHF	589.0	6 mo. EURIBOR + 3.75%	6 mo. CHF LIBOR + 3.94%
January 2020	€	175.0	CHF	258.6	7.63%	6.76%
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 September 30, 2012, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to September 30, 2012, we present a range of dates that represents the period covered by the applicable derivative instrument.

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

Cross-currency Interest Rate Swaps:

The terms of our outstanding cross-currency interest rate swap contracts at September 30, 2012 are as follows:

Subsidiary / Final maturity date (a)		Notional amount due from counterparty		Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
		in millions				
UPC Broadband Holding:						
July 2018	$	425.0	€	320.9	6 mo. LIBOR + 1.75%	6.08%
September 2014 - January 2020	$	327.5	€	249.5	6 mo. LIBOR + 4.92%	7.52%
December 2014	$	300.0	€	226.5	6 mo. LIBOR + 1.75%	5.78%
December 2014 - July 2018	$	300.0	€	226.5	6 mo. LIBOR + 2.58%	6.80%
December 2016	$	296.6	€	219.8	6 mo. LIBOR + 3.50%	6.75%
March 2013	$	100.0	€	75.4	6 mo. LIBOR + 2.00%	5.73%
March 2013 - July 2018	$	100.0	€	75.4	6 mo. LIBOR + 3.00%	6.97%
November 2019	$	250.0	CHF	226.8	7.25%	6 mo. CHF LIBOR + 5.01%
January 2020	$	225.0	CHF	206.3	6 mo. LIBOR + 4.81%	5.44%
December 2014	$	340.0	CLP	181,322.0	6 mo. LIBOR + 1.75%	8.76%
December 2016	$	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 September 30, 2012, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to September 30, 2012, we present a range of dates that represents the period covered by the applicable derivative instrument.

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at September 30, 2012 are as follows:

Subsidiary / Final maturity date (a)	Notional amount		Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
UPC Broadband Holding:				
January 2013	$	1,043.0	1 mo. LIBOR + 3.23%	6 mo. LIBOR + 3.03%
July 2020	$	1,000.0	6.63%	6 mo. LIBOR + 3.03%
January 2022	$	750.0	6.88%	6 mo. LIBOR + 4.89%
January 2013 - January 2014	$	500.0	1 mo. LIBOR + 3.15%	6 mo. LIBOR + 3.00%
January 2013	€	2,720.0	1 mo. EURIBOR + 3.60%	6 mo. EURIBOR + 3.13%
January 2013 - January 2014	€	1,000.0	1 mo. EURIBOR + 3.76%	6 mo. EURIBOR + 3.48%
December 2014	€	971.8	6 mo. EURIBOR	4.69%
July 2020	€	750.0	6.38%	6 mo. EURIBOR + 3.16%
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 2023	€	290.0	4.65%	3.25%
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%
November 2021	€	107.0	4.73%	3.33%
December 2013	€	90.5	6 mo. EURIBOR	0.90%
December 2014	CHF	1,668.5	6 mo. CHF LIBOR	3.50%
January 2022	CHF	711.5	3.65%	2.25%
October 2012 - December 2014	CHF	711.5	6 mo. CHF LIBOR	3.65%
January 2015 - January 2018	CHF	400.0	6 mo. CHF LIBOR	2.51%
January 2015 - December 2016	CHF	370.9	6 mo. CHF LIBOR	3.82%
January 2015 - November 2019	CHF	226.8	6 mo. CHF LIBOR + 5.01%	6.88%
July 2013	CLP	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 September 30, 2012, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to September 30, 2012, 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)		September 30, 2012	
		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 September 30, 2012, 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)		September 30, 2012		
		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. For derivative instruments that were in effect as of September 30, 2012, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to September 30, 2012, 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 approximately 0.74 Swiss francs per one U.S. dollar, in the notional amounts listed below:

Contract expiration date	Notional amount at September 30, 2012	
	in millions	
April 2018	$	419.8
October 2016	$	19.8
April 2017	$	19.8
October 2017	$	19.8

Foreign Currency Forwards

The following table summarizes our outstanding foreign currency forward contracts at September 30, 2012:

Subsidiary	Currency purchased forward		Currency sold forward		Maturity dates
	in millions				
UPC Holding	$	479.0	CHF	415.1	October 2016 - April 2018
UPC Broadband Holding	$	2.0	CZK	37.8	October 2012 - May 2013
UPC Broadband Holding	€	39.4	CHF	47.2	October 2012 - September 2013
UPC Broadband Holding	€	22.9	CZK	579.8	October 2012 - September 2013
UPC Broadband Holding	€	39.6	HUF	11,500.0	October 2012 - September 2013
UPC Broadband Holding	€	35.6	PLN	149.0	October 2012 - September 2013
UPC Broadband Holding	€	5.9	RON	27.0	October 2012
UPC Broadband Holding	£	3.6	€	4.6	October 2012 - September 2013
VTR	$	31.3	CLP	16,013.5	October 2012 - September 2013

(5) Fair Value Measurements

We use the fair value method to account for (i) certain of our investments and (ii) our derivative instruments. The reported fair values of these investments and derivative instruments as of September 30, 2012 likely will not represent the value that will be realized upon the ultimate settlement or disposition of these assets and liabilities. In the case of the investments that we account for using the fair value method, the values we realize upon disposition will be dependent upon, among other factors, market conditions and the historical and forecasted financial performance of the investees at the time of any such disposition. With respect to our derivative instruments, we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the nine months ended September 30, 2012, no such transfers were made.

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

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

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

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of reporting units, customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of private reporting units is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. We performed nonrecurring fair value measurements in connection with the Aster Acquisition during the third quarter of 2011. For additional information, see note 2.

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

Description	September 30, 2012	Fair value measurements at September 30, 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	€ 416.3	€ 416.3	€ —
Foreign currency forward contracts	6.3	6.3	—
Embedded derivatives	1.3	1.3	—
Total derivative instruments	423.9	423.9	—
Investments	21.4	—	21.4
Total assets	€ 445.3	€ 423.9	€ 21.4
Liabilities - derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 1,588.2	€ 1,588.2	€ —
Foreign currency forward contracts	2.0	2.0	—
Embedded derivatives	1.4	1.4	—
Total liabilities	€ 1,591.6	€ 1,591.6	€ —

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

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

Balance at January 1, 2012	€	21.3
Net loss (a)		(0.2)
Foreign currency translation adjustments and other, net		0.3
Balance at September 30, 2012	€	21.4

(a) The net loss recognized during the first nine months of 2012, which is included in other expense, net, in our condensed consolidated statement of operations, relates to investments that we continue to carry on our condensed consolidated balance sheet as of September 30, 2012.

(6) Long-lived Assets

Property and Equipment, Net

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

	September 30, 2012	December 31, 2011
	in millions	
Distribution systems	€ 5,639.8	€ 5,597.9
Customer premises equipment	2,151.7	1,916.4
Support equipment, buildings and land	1,009.4	1,023.9
	8,800.9	8,538.2
Accumulated depreciation	(4,610.5)	(4,428.9)
Total property and equipment, net	€ 4,190.4	€ 4,109.3

During the nine months ended September 30, 2012 and 2011, we recorded non-cash increases to our property and equipment related to (i) assets acquired under capital leases of €1.4 million and €1.1 million, respectively, and (ii) vendor financing arrangements of €31.0 million and €41.4 million, respectively. Furthermore, during the nine months ended September 30, 2012 and 2011, we recorded non-cash increases to our property and equipment of €87.3 million and nil, respectively, related to assets acquired on our behalf pursuant to vendor financing and capital lease arrangements of Liberty Global Europe B.V. (LG Europe), a subsidiary of LGI outside of UPC Holding. The transfer of these assets to our company was settled through (i) an increase to a related-party vendor financing loan and (ii) a non-cash contribution from our parent company. For additional information, see notes 7 and 11.

Goodwill

Changes in the carrying amount of our goodwill during the nine months ended September 30, 2012 are set forth below:

	January 1, 2012	Acquisitions and related adjustments	Foreign currency translation adjustments	September 30, 2012
	in millions			
UPC Europe:				
The Netherlands	€ 912.1	€ 1.6	€ —	€ 913.7
Switzerland	2,335.4	0.8	15.2	2,351.4
Other Western Europe	781.6	—	—	781.6
Total Western Europe	4,029.1	2.4	15.2	4,046.7
Central and Eastern Europe	1,083.5	—	61.3	1,144.8
Total UPC Europe	5,112.6	2.4	76.5	5,191.5
VTR (Chile)	396.7	—	39.7	436.4
Total	€ 5,509.3	€ 2.4	€ 116.2	€ 5,627.9

In the case of certain of our smaller reporting units, including our broadband communications operations in Hungary and the Czech Republic, a hypothetical decline of 20% or more in the fair value of any of these reporting units could result in the need to record a goodwill impairment charge. At September 30, 2012, the goodwill associated with these reporting units aggregated €601.7 million. If, among other factors, (i) LGI's equity values were to decline significantly, or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill, and to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

At September 30, 2012 and December 31, 2011 and based on exchange rates as of those dates, the amount of our accumulated goodwill impairments was €171.3 million and €179.7 million, respectively. These amounts include accumulated impairments related to our broadband communications operations in Romania, which are included within UPC Europe's Central and Eastern Europe segment.

Intangible Assets Subject to Amortization, Net

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

	September 30, 2012			December 31, 2011		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships	€ 1,069.7	€ (741.7)	€ 328.0	€ 1,110.2	€ (720.2)	€ 390.0
Other	19.4	(8.9)	10.5	20.8	(4.8)	16.0
Total	€ 1,089.1	€ (750.6)	€ 338.5	€ 1,131.0	€ (725.0)	€ 406.0

(7) Debt and Capital Lease Obligations

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

	September 30, 2012		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
				in millions		
Third-party debt:						
Parent - UPC Holding Senior Notes	8.24%	€ —	€ 2,353.1	€ 1,648.9	€ 2,207.8	€ 1,607.9
Subsidiaries:						
UPC Broadband Holding Bank Facility	3.92%	1,078.1	4,161.5	4,529.9	4,170.6	4,737.1
UPCB SPE Notes	6.88%	—	3,397.5	2,540.8	3,188.2	2,596.6
Other (e)	4.38%	—	63.6	77.5	63.6	77.5
Total third-party debt	5.90%	1,078.1	€ 9,975.7	€ 8,797.1	9,630.2	9,019.1
Related-party debt (note 11):						
Shareholder loan (f)	9.79%	—	(g)	(g)	8,062.7	8,693.8
Vendor financing loan (h)	3.85%	—	(g)	(g)	80.8	—
Other (i)	9.29%	—	(g)	(g)	11.2	—
Total related-party debt	9.73%	—			8,154.7	8,693.8
Total debt	7.65%	€ 1,078.1			17,784.9	17,712.9
Capital lease obligations					25.6	26.3
Total debt and capital lease obligations					17,810.5	17,739.2
Current maturities					(146.2)	(80.8)
Long-term debt and capital lease obligations					€ 17,664.3	€ 17,658.4

(a) Represents the weighted average interest rate in effect at September 30, 2012 for all borrowings outstanding pursuant to each debt instrument including any applicable margin. The interest rates presented represent stated rates and do not include the impact of our interest rate derivative agreements, deferred financing costs, original issue discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party indebtedness was approximately 8.0% at September 30, 2012. For information concerning our derivative instruments, see note 4.

(b) Unused borrowing capacity represents the maximum availability under the applicable facility at September 30, 2012 without regard to covenant compliance calculations or other conditions precedent to borrowing. At September 30, 2012, the full amount of unused borrowing capacity was available to be borrowed under each of the respective facilities except as noted below. At September 30, 2012, our availability under the UPC Broadband Holding Bank Facility (as defined below) was limited to €105.9 million. When the relevant September 30, 2012 compliance reporting requirements have been completed, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €467.7 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) The September 30, 2012 and December 31, 2011 carrying amounts include €63.5 million and €77.1 million, respectively, owed pursuant to interest-bearing vendor financing arrangements that are generally due within one year. At September 30, 2012 and December 31, 2011, the amounts owed pursuant to these arrangements include (i) €20.1 million and nil, respectively, related to third-party vendor financing obligations for which we and LG Europe are co-obligors, and (ii) €7.8 million and €9.0 million, respectively, of value-added taxes that were paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments and repurchases of debt and capital lease obligations in our condensed consolidated cash flow statements.

(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% and 7.75% for the nine months ended September 30, 2012 and 2011, respectively. The net decrease in the shareholder loan balance during the nine months ended September 30, 2012 includes (a) cash payments of €1,766.0 million, (b) cash borrowings of €1,085.0 million and (c) a net non-cash increase of €49.9 million related to the settlement of related-party charges and allocations. During the nine months ended September 30, 2012 and 2011, 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 amounts owed pursuant to a related-party vendor financing loan in connection with assets purchased on our behalf pursuant to vendor financing arrangements of LG Europe. This loan is interest-bearing and amounts owed pursuant to this loan are generally due within one year of the borrowing date. Repayments of this vendor financing loan will be included in repayments of related-party debt in our condensed consolidated cash flow statements.

(i) Represents borrowings under a loan agreement between a subsidiary of LGI 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 September 30, 2012 and matures in March 2032. The interest rate on this note is reviewed annually, with adjustments effective on January 1 of each year.

UPC Broadband Holding Bank Facility

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

		September 30, 2012			
Facility	**Final maturity date**	**Interest rate**	**Facility amount (in borrowing currency) (a)**	**Unused borrowing capacity (b)**	**Carrying value (c)**
				in millions	
Q	July 31, 2014	EURIBOR + 2.75%	€ 30.0	€ 30.0	€ —
R	December 31, 2015	EURIBOR + 3.25%	€ 290.7	—	290.7
S	December 31, 2016	EURIBOR + 3.75%	€ 1,204.5	—	1,204.5
T	December 31, 2016	LIBOR + 3.50%	$ 260.2	—	201.0
U	December 31, 2017	EURIBOR + 4.00%	€ 750.8	—	750.8
V (d)	January 15, 2020	7.625%	€ 500.0	—	500.0
W	March 31, 2015	EURIBOR + 3.00%	€ 144.1	144.1	—
X	December 31, 2017	LIBOR + 3.50%	$ 1,042.8	—	809.9
Y (d)	July 1, 2020	6.375%	€ 750.0	—	750.0
Z (d)	July 1, 2020	6.625%	$ 1,000.0	—	776.7
AA	July 31, 2016	EURIBOR + 3.25%	€ 904.0	904.0	—
AB	December 31, 2017	(e)	$ 500.0	—	378.2
AC (d)	November 15, 2021	7.250%	$ 750.0	—	582.5
AD (d)	January 15, 2022	6.875%	$ 750.0	—	582.5
AE	December 31, 2019	EURIBOR + 3.75%	€ 535.5	—	535.5
Elimination of Facilities V, Y, Z, AC and AD in consolidation (d)				—	(3,191.7)
Total				€ 1,078.1	€ 4,170.6

(a) Except as described in (d) below, amounts represent total third-party facility amounts at September 30, 2012 without giving effect to the impact of discounts.

(b) At September 30, 2012, our availability under the UPC Broadband Holding Bank Facility was limited to €105.9 million. When the relevant September 30, 2012 compliance reporting requirements have been completed, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €467.7 million. Facility Q, Facility W and Facility AA have commitment fees on unused and uncanceled balances of 0.75%, 1.2% and 1.3% per year, respectively.

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

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

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

UPC Holding Senior Notes

On September 21, 2012, UPC Holding issued €600.0 million principal amount of 6.375% senior notes (the 6.375% Senior Notes) at an issue price of 99.094%, resulting in cash proceeds before commissions and fees of €594.6 million. The 6.375% Senior Notes mature on September 15, 2022.

The 6.375% 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 6.375% Senior Notes are secured (on a shared basis) by pledges of the shares of UPC Holding. In addition, the 6.375% 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 6.375% Senior Notes (the 6.375% Senior Notes Indenture), including UPC Broadband Holding, is an event of default under the 6.375% Senior Notes.

At any time prior to September 15, 2017, UPC Holding may redeem some or all of the 6.375% Senior Notes by paying a "make-whole" premium, which is the present value of all scheduled interest payments until September 15, 2017 by using the discount rate (as specified in the 6.375% Senior Notes Indenture) as of the redemption date, plus 50 basis points. In addition, at any time prior to September 15, 2017, UPC Holding may redeem up to 40% of the 6.375% Senior Notes (at a redemption price of 106.375% of the principal amount, respectively) with the net proceeds from one or more specified equity offerings.

The 6.375% 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 LGI is subject to a Consolidated Leverage Ratio test, as defined in the 6.375% Senior Notes Indenture.

UPC Holding may redeem some or all of the 6.375% 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 6.375% Senior Notes Indenture), if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on September 15 of the years set forth below:

Year	Redemption price
2017	103.188%
2018	102.125%
2019	101.063%
2020 and thereafter	100.000%

UPC Holding may redeem all of the 6.375% 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 6.375% Senior Notes at a redemption price of 101%.

Maturities of Debt and Capital Lease Obligations

Maturities of our debt and capital lease obligations as of September 30, 2012 are presented below and such amounts represent euro equivalents based on September 30, 2012 exchange rates:

Debt:

	Third-party debt (a)	Shareholder loan and related-party debt	Total
		in millions	
Year ended December 31:			
2012 (remainder of year)	€ 40.4	€ —	€ 40.4
2013	23.3	80.8	104.1
2014	—	—	—
2015	290.7	—	290.7
2016	1,706.5	—	1,706.5
2017	1,949.0	—	1,949.0
Thereafter	5,677.8	8,073.9	13,751.7
Total debt maturities	9,687.7	8,154.7	17,842.4
Unamortized discount	(57.5)	—	(57.5)
Total debt	€ 9,630.2	€ 8,154.7	€ 17,784.9
Current portion	€ 62.8	€ 80.8	€ 143.6
Noncurrent portion	€ 9,567.4	€ 8,073.9	€ 17,641.3

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

Capital lease obligations (in millions):

Year ended December 31:	
2012 (remainder of year)	€ 1.8
2013	3.8
2014	3.3
2015	3.1
2016	3.0
2017	2.9
Thereafter	22.8
Total principal and interest payments	40.7
Amounts representing interest	(15.1)
Present value of net minimum lease payments	€ 25.6
Current portion	€ 2.6
Noncurrent portion	€ 23.0

Non-cash Refinancing Transactions

During the nine months ended September 30, 2012 and 2011, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating €535.5 million and €712.3 million, respectively.

(8) Income Taxes

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	in millions			
Computed expected tax benefit	€ 40.0	€ 33.0	€ 147.9	€ 87.9
Non-deductible or non-taxable interest and other expenses	(50.9)	(37.5)	(146.8)	(108.9)
Change in valuation allowances	(18.9)	1.9	(73.2)	(20.4)
Other, net	(3.2)	(1.6)	(4.7)	(7.8)
Total	€ (33.0)	€ (4.2)	€ (76.8)	€ (49.2)

(9) Owners' Deficit

VTR. On January 26, 2012, we and the 20% noncontrolling interest owner in VTR (the VTR NCI Owner) approved a distribution of CLP 35.0 billion (€54.6 million at the applicable rate). Our share of this distribution is CLP 28.0 billion (€43.7 million at the applicable rate) and the VTR NCI Owner's share of this distribution is CLP 7.0 billion (€10.9 million at the applicable rate). During September 2012, we and the VTR NCI Owner approved an additional distribution of CLP 20.0 billion (€33.1 million at the applicable rate). Our share of this additional distribution is CLP 16.0 billion (€26.5 million at the applicable rate) and the VTR NCI Owner's share of this distribution is CLP 4.0 billion (€6.6 million at the applicable rate). During the second and third quarters of 2012, VTR paid CLP 31.0 billion (€49.4 million at the applicable rates) related to these distributions and we expect that the balance will be paid during the fourth quarter of 2012.

(10) Stock Incentive Awards

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

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

	Three months ended September 30,				Nine months ended September 30,			
	2012		2011		2012		2011	
	U.S. $	Euro equivalent	U.S. $	Euro equivalent	U.S. $	Euro equivalent	U.S. $	Euro equivalent
	in millions							
LGI common stock:								
LGI performance-based incentive awards (a)	$ 3.5	€ 2.8	$ 1.9	€ 1.4	$ 8.6	€ 6.7	$ 5.3	€ 3.8
Other LGI stock-based incentive awards	2.9	2.3	2.7	1.9	8.2	6.4	8.3	5.9
Total LGI common stock	6.4	5.1	4.6	3.3	16.8	13.1	13.6	9.7
Other (b)	0.4	0.3	0.1	—	1.2	1.0	0.3	0.2
Total	$ 6.8	€ 5.4	$ 4.7	€ 3.3	$ 18.0	€ 14.1	$ 13.9	€ 9.9
Included in:								
Operating expenses	$ 0.2	€ 0.2	$ 0.7	€ 0.5	$ 0.5	€ 0.4	$ 1.5	€ 1.1
SG&A expenses	6.6	5.2	4.0	2.8	17.5	13.7	12.4	8.8
Total	$ 6.8	€ 5.4	$ 4.7	€ 3.3	$ 18.0	€ 14.1	$ 13.9	€ 9.9

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

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

The following table provides certain information related to stock-based compensation not yet recognized for stock incentive awards related to LGI common stock as of September 30, 2012:

	LGI common stock (a)		LGI PSUs (a) (b)	
	U.S. $	Euro equivalent (c)	U.S. $	Euro equivalent (c)
Total compensation expense not yet recognized (in millions)	$ 27.2	€ 21.1	$ 11.7	€ 9.1
Weighted average period remaining for expense recognition (in years)	2.9		1.5	

(a) Amounts relate to awards granted under the Liberty Global, Inc. 2005 Incentive Plan (as amended and restated October 31, 2006) (the LGI Incentive Plan). The LGI Incentive Plan had 8,653,825 shares available for grant as of September 30, 2012. These shares may be awarded in any series of LGI's common stock.

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

(c) Convenience translations into euros are calculated as of September 30, 2012.

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

	Nine months ended September 30,	
	2012	2011
Assumptions used to estimate fair value of options and stock appreciation rights (SARs) granted:		
Risk-free interest rate	0.37 - 0.66%	0.93 - 1.42%
Expected life	3.3 - 3.9 years	3.4 - 3.7 years
Expected volatility	31.5 - 40.4%	40.7 - 41.8%
Expected dividend yield	none	none
Weighted average grant-date fair value per share of awards granted:		
SARs	$ 12.84	$ 14.28
Restricted shares and restricted share units	$ 49.14	$ 45.14
PSUs	$ 50.10	$ 39.98
Total intrinsic value of awards exercised (in millions):		
Options	$ —	$ 0.6
SARs	$ 10.8	$ 12.7
Cash received from exercise of options (in millions)	$ —	$ 1.7

LGI PSUs

During the first nine months of 2012, the compensation committee of LGI's board of directors granted to LGI's executive officers and certain key employees a total of 427,960 LGI Series A PSUs and 427,960 LGI Series C PSUs (including 135,630 and 135,630 respectively, granted to employees of our subsidiaries) pursuant to the LGI Incentive Plan. Each PSU represents the right to receive one share of Series A common stock or Series C common stock, as applicable, subject to performance and vesting. The performance period for these PSUs (the 2012 PSUs) is January 1, 2012 to December 31, 2013. As the performance measure, the compensation committee of LGI's board of directors selected the compound annual growth rate in LGI's consolidated operating cash flow (OCF CAGR) from 2011 to 2013, as adjusted for events such as acquisitions, dispositions and changes in foreign currency exchange rates and accounting principles or policies that effect comparability. The target OCF CAGR selected by the committee was based upon a comparison of LGI's 2011 actual results to those reflected in LGI's then existing long-range plan for 2013. The target OCF CAGR is subject to upward or downward adjustment for certain events in accordance with the terms of the grant agreement. A performance range of 75% to 125% of the target OCF CAGR would generally result in award recipients earning 50% to 150% of their 2012 PSUs, subject to reduction or forfeiture based on individual performance. One-half of the earned 2012 PSUs will vest on March 31, 2014 and the balance will vest on September 30, 2014. The compensation committee of LGI's board of directors also established a minimum OCF CAGR base performance objective, subject to certain limited adjustments, which must be satisfied in order for LGI's named executive officers to be eligible to earn any of their 2012 PSUs.

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

Stock Award Activity - LGI Common Stock

The following tables summarize the stock award activity during the nine months ended September 30, 2012 with respect to LGI common stock held by employees of our subsidiaries:

SARs — LGI Series A common stock	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2012	917,864	$ 31.31		
Granted	403,808	$ 50.02		
Exercised	(209,768)	$ 23.49		
Forfeited or expired	(25,754)	$ 35.56		
Transfers	615	$ 27.48		
Outstanding at September 30, 2012	1,086,765	$ 39.67	5.4	$ 22.9
Exercisable at September 30, 2012	227,619	$ 30.99	4.2	$ 6.7

SARs — LGI Series C common stock	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2012	890,917	$ 30.54		
Granted	403,808	$ 48.22		
Exercised	(198,849)	$ 22.86		
Forfeited or expired	(25,754)	$ 34.39		
Transfers	615	$ 27.08		
Outstanding at September 30, 2012	1,070,737	$ 38.54	5.5	$ 19.2
Exercisable at September 30, 2012	211,591	$ 30.69	4.5	$ 5.4

Restricted shares and share units — LGI Series A common stock	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2012	132,533	$ 30.72	
Granted	60,304	$ 50.05	
Released from restrictions	(48,049)	$ 27.45	
Forfeited	(8,717)	$ 35.35	
Transfers	226	$ 21.08	
Outstanding at September 30, 2012	136,297	$ 40.11	2.5

Restricted shares and share units — LGI Series C common stock	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2012	132,533	$ 29.73	
Granted	60,304	$ 48.24	
Released from restrictions	(48,049)	$ 26.58	
Forfeited	(8,717)	$ 34.20	
Transfers	226	$ 21.26	
Outstanding at September 30, 2012	136,297	$ 38.73	2.5

PSUs — LGI Series A common stock	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2012	247,829	$ 35.15	
Granted	135,630	$ 51.16	
Released from restrictions	(92,695)	$ 27.64	
Performance adjustment	(13,200)	$ 27.64	
Outstanding at September 30, 2012	277,564	$ 45.83	1.5

PSUs — LGI Series C common stock	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2012	247,829	$ 34.10	
Granted	135,630	$ 49.05	
Released from restrictions	(92,695)	$ 27.25	
Performance adjustment	(13,200)	$ 27.25	
Outstanding at September 30, 2012	277,564	$ 44.02	1.5

(11) Related-Party Transactions

Our related-party transactions are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	in millions			
Revenue	€ 3.3	€ 4.7	€ 8.8	€ 9.3
Operating expenses	(14.1)	(15.8)	(47.6)	(47.9)
SG&A expenses	0.6	(1.5)	1.1	(1.3)
Allocated stock-based compensation expense	(5.1)	(3.3)	(13.1)	(9.7)
Fees and allocations, net	11.1	5.7	16.2	0.9
Included in operating income	(4.2)	(10.2)	(34.6)	(48.7)
Interest income	0.5	—	0.7	—
Interest expense	(219.4)	(166.2)	(647.6)	(495.0)
Included in net loss	€ (223.1)	€ (176.4)	€ (681.5)	€ (543.7)

Revenue. Amounts consist primarily of cash settled construction and programming services provided to our affiliates, 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 LGI that are outside of UPC Holding. In addition, the 2012 amounts include €0.4 million and €1.1 million of cash settled backbone capacity provided to VTR Wireless for the three and nine months ended September 30, 2012, respectively.

Operating expenses. Amounts consist primarily of cash settled programming and digital interactive services provided by Chellomedia and, to a lesser extent, cash settled programming services provided by Pramer S.C.A., a subsidiary of LGI that is outside of UPC Holding, in the aggregate amounts of €14.4 million and €14.2 million for the three months ended September 30, 2012 and 2011, respectively, and €44.5 million and €43.4 million for the nine months ended September 30, 2012 and 2011, respectively. In addition, operating expenses include costs for cash settled programming and interconnect fees charged by certain of LGI's affiliates of €3.4 million and €2.8 million for the three months ended September 30, 2012 and 2011, respectively, and €10.3 million and €7.7 million for the nine months ended September 30, 2012 and 2011, respectively. In addition, the 2012 and 2011 amounts are net of (i) €3.1 million and €1.0 million, for the three months ended September 30, 2012 and 2011, respectively, and €6.0 million and €2.9 million for the nine months ended September 30, 2012 and 2011, respectively, of cash settled encryption and other operating expenses charged to Unitymedia KabelBW and (ii) €0.6 million and €0.2 million, for the three months ended September 30, 2012 and 2011, respectively, and €1.2 million and €0.3 million for the nine months ended September 30, 2012 and 2011, respectively, of net cash settled facilities and other operating expenses charged by VTR to VTR Wireless.

SG&A expenses. Amounts consist primarily of (i) net cash settled SG&A expenses between VTR and VTR Wireless that resulted in charges (credits) of (€1.1 million) and €0.6 million for the three months ended September 30, 2012 and 2011, respectively, and (€2.6 million) and (€1.0 million), for the nine months ended September 30, 2012 and 2011, respectively, and (ii) net cash settled administrative expenses, primarily between our company, Chellomedia and LG Europe that resulted in charges of €0.5 million and €0.9 million for the three months ended September 30, 2012 and 2011, respectively, and €1.5 million and €2.3 million for the nine months ended September 30, 2012 and 2011, respectively.

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

Fees and allocations, net. These amounts represent the aggregate net effect of charges between subsidiaries of UPC Holding and various LGI subsidiaries outside of UPC Holding, including (i) aggregate charges from LG Europe and Liberty Global Europe Ltd. (LGE Ltd.) of €8.0 million and €11.7 million during the three months ended September 30, 2012 and 2011, respectively, and €39.3 million and €37.3 million during the nine months ended September 30, 2012 and 2011 respectively, (ii) charges to Unitymedia

KabelBW of €15.1 million and €13.7 million during the three months ended September 30, 2012 and 2011, respectively, and €42.7 million and €26.7 million during the nine months ended September 30, 2012 and 2011, respectively, and (iii) charges to LGI and certain other LGI subsidiaries of €4.0 million and €3.7 million during the three months ended September 30, 2012 and 2011, respectively, and €12.8 million and €11.5 million during the nine months ended September 30, 2012 and 2011, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to or by our subsidiaries and, in the case of charges to Unitymedia KabelBW, also include charges related to marketing and other services that support Unitymedia KabelBW's broadband communications operations. The amounts charged generally are based on the respective subsidiary's estimated share of the applicable costs incurred (including personnel and other costs related to the services provided) plus a mark-up. The quarterly charges are based on estimated costs that are reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The annual revision to reflect actual costs for 2011 and 2010 amounted to decreases of €0.7 million and €2.2 million, respectively, in our billings to LGI and certain other LGI subsidiaries during the three months ended March 31, 2012 and 2011, respectively.

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

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

Except as noted above, our 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:

	September 30, 2012	December 31, 2011
	in millions	
Other current assets (a)	€ 50.3	€ 30.0
Other noncurrent assets (b)	€ 21.5	€ —
Accounts payable	€ 23.5	€ 27.5
Accrued liabilities	62.9	17.3
Shareholder loan (note 7)	8,062.7	8,693.8
Vendor financing loan (note 7)	80.8	—
Other related-party debt (note 7)	11.2	—
Other long-term liabilities (c)	647.6	—
Total	€ 8,888.7	€ 8,738.6

(a) Represents related-party receivables.

(b) Represents amounts loaned under an agreement between Unitymedia Hessen GmbH & Co. KG and Unitymedia International GmbH (UMI). This note bears interest at 10.0% as of September 30, 2012 and matures in January 2020. The interest rate on this note is reviewed annually, with adjustments effective on January 1 of each year. UMI was formed for the purpose of effecting certain asset purchase and related leasing transactions involving certain of our subsidiaries, including certain purchase and leaseback transactions that were initiated in December 2011. 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.

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

During the nine months ended 2012, we recorded aggregate capital charges of €15.8 million in our condensed consolidated statement of owners' deficit in connection with the exercise of LGI SARs and stock options and the vesting of LGI restricted stock awards held by employees of our subsidiaries. These capital charges, which generally are loan settled, are based on the fair value of the underlying LGI common stock on the exercise or vesting date, as applicable.

During the three months ended September 30, 2012, LG Europe leased certain property and equipment on our behalf. This transaction has been treated as a capital contribution and LG Europe's €6.5 million cost basis 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. As of September 30, 2012, the euro equivalents (based on September 30, 2012 exchange rates) of such commitments that are not reflected in our condensed consolidated balance sheet are as follows:

	Payments due during:							
	Remainder of 2012	Year ending December 31, 2013	2014	2015	2016	2017	Thereafter	Total
	in millions							
Operating leases	€ 25.9	€ 59.3	€ 43.3	€ 40.6	€ 32.5	€ 27.3	€ 147.5	€ 376.4
Programming commitments	28.8	58.7	34.8	33.4	32.7	32.4	—	220.8
Other commitments	121.3	58.6	36.6	36.3	21.4	19.3	39.2	332.7
Total	€ 176.0	€ 176.6	€ 114.7	€ 110.3	€ 86.6	€ 79.0	€ 186.7	€ 929.9

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 nine months ended September 30, 2012 and 2011, the programming and copyright costs incurred by our broadband communications and DTH operations aggregated €386.5 million and €347.8 million, respectively.

Other commitments relate primarily to (i) satellite commitments associated with satellite carriage services provided to our company, (ii) purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us, including €48.3 million related to related-party purchase obligations, and (iii) certain fixed minimum contractual commitments associated with our agreements with franchise or municipal authorities. Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments pursuant to which we expect to make payments in future periods. For information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2012 and 2011, see note 4.

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

Contingent Obligations

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

Guarantees and Other Credit Enhancements

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

Legal and Regulatory Proceedings and Other Contingencies

Netherlands Regulatory Developments. In 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 further regulation of that market. This final assessment is not open for appeal, as confirmed by the Dutch Supreme Administrative Court on June 18, 2012. As a result, no new regulations relating to the television market may be proposed without a new analysis. 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 two authorities, OPTA and the Commissariaat voor de Media, to impose an obligation for the mandatory resale of television services and (ii) provide for “net neutrality” on the internet, including limitations on the ability of broadband service providers to delay, choke or block traffic except under specific circumstances. These laws are scheduled to become 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 was reported to have opened formal infringement proceedings against the Dutch government on the basis that the new laws pertaining to resale breach European Union (EU) law. We are in agreement 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. In addition, an implementation of a resale regime would likely take several months or more, if in fact implemented given OPTA's position on the competitiveness of the television market. There can be no assurance however that some form of resale regime will not be ultimately imposed. The new regulation concerning “net neutrality” needs to work within a broader EU framework, requires some implementation by relevant authorities and is subject to challenge by market participants. It is unclear therefore what its impact on the industry and our business will be at this stage, if any.

Other Regulatory Issues. Video distribution, broadband internet, telephony and content businesses are regulated in each of the countries in which we operate. The scope of regulation varies from country to country, although in some significant respects regulation in European markets is harmonized under the regulatory structure of the 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) wage, property, sales and other tax issues and (iii) disputes over interconnection, programming, copyright and carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from the estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations or cash flows in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(13) Segment Reporting

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

Operating cash flow is the primary measure used by our chief operating decision maker to evaluate segment operating performance. Operating cash flow is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources to segments and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, operating cash flow is defined as revenue less operating and SG&A expenses (excluding stock-based compensation, related-party fees and allocations, depreciation and amortization, and impairment, restructuring and other operating 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.

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

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

All of the reportable segments set forth above derive their revenue primarily from broadband communications services, including video, broadband internet and telephony services. Most reportable segments also provide business-to-business (B2B) services. At September 30, 2012, our UPC Europe operating segments provided broadband communications services in nine European countries and DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia through a Luxembourg-based organization that we refer to as "UPC DTH." Our Other Western Europe segment includes our broadband communications operating segments in Austria and Ireland. Our Central and Eastern Europe segment includes our broadband communications operating segments in the Czech Republic, Hungary, Poland, Romania and Slovakia. VTR provides video, broadband internet and 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' interest 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 September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	in millions			
UPC Europe:				
The Netherlands	€ 239.9	€ 227.7	€ 713.4	€ 682.1
Switzerland	247.8	243.6	733.9	689.8
Other Western Europe	164.4	158.0	485.0	474.4
Total Western Europe	652.1	629.3	1,932.3	1,846.3
Central and Eastern Europe	218.7	200.6	647.1	595.0
Central and other	22.8	23.8	67.1	68.1
Total UPC Europe	893.6	853.7	2,646.5	2,509.4
VTR (Chile)	187.0	164.2	533.5	479.5
Total	€ 1,080.6	€ 1,017.9	€ 3,180.0	€ 2,988.9

	Operating cash flow			
	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	in millions			
UPC Europe:				
The Netherlands	€ 146.9	€ 138.3	€ 425.4	€ 405.1
Switzerland	142.1	140.6	418.7	389.0
Other Western Europe	81.5	76.3	229.3	222.8
Total Western Europe	370.5	355.2	1,073.4	1,016.9
Central and Eastern Europe	109.9	102.3	320.1	293.6
Central and other	(28.4)	(23.2)	(88.1)	(70.3)
Total UPC Europe	452.0	434.3	1,305.4	1,240.2
VTR (Chile)	85.1	69.2	231.6	200.2
Total	€ 537.1	€ 503.5	€ 1,537.0	€ 1,440.4

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	in millions			
Total segment operating cash flow	€ 537.1	€ 503.5	€ 1,537.0	€ 1,440.4
Stock-based compensation expense	(5.4)	(3.3)	(14.1)	(9.9)
Related-party fees and allocations, net	11.1	5.7	16.2	0.9
Depreciation and amortization	(272.8)	(243.2)	(790.8)	(722.9)
Impairment, restructuring and other operating items, net	0.8	(10.7)	(2.3)	(14.3)
Operating income	270.8	252.0	746.0	694.2
Interest expense:				
Third-party	(148.1)	(132.1)	(441.0)	(377.4)
Related-party	(219.4)	(166.2)	(647.6)	(495.0)
Interest income	1.5	0.8	4.1	2.8
Realized and unrealized gains (losses) on derivative instruments, net	(165.1)	221.9	(362.4)	(56.8)
Foreign currency transaction gains (losses), net	99.6	(297.4)	112.7	(96.7)
Realized and unrealized gains (losses) due to changes in fair values of certain investments, net	0.1	(10.3)	—	(9.5)
Losses on debt modification and extinguishment, net	—	(0.3)	(3.0)	(11.7)
Other income (expense), net	0.7	(0.4)	(0.3)	(1.4)
Loss before income taxes	€ (159.9)	€ (132.0)	€ (591.5)	€ (351.5)

Revenue by Major Category

Our revenue by major category is set forth below:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011 (a)	2012	2011 (a)
	in millions			
Subscription revenue (b):				
Video	€ 516.3	€ 500.5	€ 1,534.5	€ 1,480.3
Broadband internet	290.2	260.0	842.8	758.8
Telephony	159.7	145.2	466.3	427.3
Total subscription revenue	966.2	905.7	2,843.6	2,666.4
Non-subscription revenue (c)	114.4	112.2	336.4	322.5
Total	€ 1,080.6	€ 1,017.9	€ 3,180.0	€ 2,988.9

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

(b) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile 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. However, due to regulatory, billing system and other constraints, the allocation of bundling discounts may vary between our broadband communications operating segments.

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

Geographic Segments

The revenue of our geographic segments is set forth below:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	in millions			
Europe:				
The Netherlands	€ 239.9	€ 227.7	€ 713.4	€ 682.1
Switzerland	247.8	243.6	733.9	689.8
Austria	80.3	80.5	240.6	244.9
Ireland	84.1	77.5	244.4	229.5
Poland	88.2	67.2	261.0	197.0
Hungary	49.6	50.5	142.7	148.7
The Czech Republic	44.3	45.6	132.3	136.8
Romania	24.9	25.4	75.7	77.5
Slovakia	11.7	11.9	35.4	35.0
Other (a)	22.8	23.8	67.1	68.1
Total Europe	893.6	853.7	2,646.5	2,509.4
Chile	187.0	164.2	533.5	479.5
Total	€ 1,080.6	€ 1,017.9	€ 3,180.0	€ 2,988.9

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

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

The following discussion and analysis, which should be read in conjunction with our condensed consolidated financial statements and the discussion and analysis included in our 2011 annual report, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Forward-Looking Statements.* This section provides a description of certain of the factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three and nine months ended September 30, 2012 and 2011.
- *Material Changes in Financial Condition.* This section provides an analysis of our corporate and subsidiary liquidity, condensed consolidated cash flow statements and contractual commitments.

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

Unless otherwise indicated, convenience translations into euros are calculated as of September 30, 2012.

Forward-Looking Statements

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

- economic and business conditions and industry trends in the countries in which we operate;
- the competitive environment in the broadband communications and programming industries in the countries in which we operate, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues in the 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, telephony and mobile 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, 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 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 and near video-on-demand), digital video recorders and high definition programming.

In September 2012, we launched "Horizon TV" in the Netherlands. 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 allows customers to seamlessly navigate and 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. The Horizon TV experience also includes online viewing of programming from a computer, tablet or smartphone. We intend to expand the availability of Horizon TV to other markets within our footprint, with launches planned for Switzerland by the end of 2012 and for Ireland during 2013.

Although our digital television signals are encrypted in most of the countries in which we operate, the basic digital television channels in Romania are unencrypted. In addition, the basic digital television channels in our footprints in Switzerland and Austria will be unencrypted effective January 1, 2013. 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. Premium channels and services continue to be available for an incremental monthly fee.

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

In May 2012, VTR Wireless, a subsidiary of LGI 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.

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

At September 30, 2012, we owned and operated networks that passed 17,961,400 homes and served 18,503,300 revenue generating units (RGUs), consisting of 9,294,500 video subscribers, 5,343,800 broadband internet subscribers and 3,865,000 telephony subscribers. Effective January 1, 2012, we began including certain SOHO RGUs in our externally-reported subscriber statistics. As a result of this change, we recorded a non-organic adjustment to increase the number of our RGUs at January 1, 2012 by 126,600.

Including the effects of acquisitions, we added a total of 122,900 and 574,200 RGUs during the three and nine months ended September 30, 2012, respectively. Excluding the effects of acquisitions (RGUs added on the acquisition date), but including post-acquisition date RGU additions, we added 122,900 and 489,100 RGUs (including 16,900 and 48,600 SOHO RGUs) on an organic basis during the three and nine months ended September 30, 2012, respectively. The organic RGU growth during the three and nine months ended September 30, 2012 is attributable to the growth of our (i) digital cable services, which added 90,800 and 355,800 RGUs, respectively, (ii) telephony services, which added 91,100 and 355,100 RGUs, respectively, (iii) broadband internet services, which added 77,800 and 290,800 RGUs, respectively, and (iv) DTH video services, which added 21,800 and 44,500 RGUs, respectively. The growth of our digital cable, telephony, broadband internet and DTH video services was partially offset by declines in our analog cable RGUs of 156,000 and 549,900, respectively, and less significant declines in our multi-channel multi-point (microwave) distribution system (MMDS) video RGUs.

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

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

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

(iii) organic declines during the third quarter of 2012 in (a) video RGUs in most of our markets, as net declines in our analog cable RGUs exceeded net additions to our digital cable RGUs (including migrations from analog cable) in these markets, and (b) broadband internet, telephony and total RGUs in the Czech Republic;

(iv) organic declines in ARPU from (a) broadband internet services in most of our broadband communications markets and (b) telephony services in all of our broadband communications markets during the third quarter of 2012, as compared to the third quarter of 2011; and

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

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

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

Material Changes in Results of Operations

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

Changes in foreign currency exchange rates have a significant impact on our reported operating results as certain of our operating segments have functional currencies other than the euro. Our primary exposure to FX risk during the three months ended September 30, 2012 was to the Swiss franc and the Chilean peso. In addition, our reported operating results are impacted by changes in the exchange rates of other local currencies in Europe. In this regard, 59.7% of our euro revenue during the three months ended September 30, 2012 was derived from subsidiaries whose functional currency is other than the euro. The portions of the changes in the various components of our results of operations that are attributable to changes in FX are highlighted under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* below.

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

Discussion and Analysis of our Reportable Segments

General

All of the reportable segments set forth below derive their revenue primarily from broadband communications services, including video, broadband internet and telephony services. Most reportable segments also provide B2B services. At September 30, 2012, our UPC Europe operating segments provided broadband communications services in nine European countries and DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia through UPC DTH. Our Other Western Europe segment includes our broadband communications operating segments in Austria and Ireland. Our Central and Eastern Europe segment includes our broadband communications operating segments in the Czech Republic, Hungary, Poland, Romania and Slovakia. VTR provides video, broadband internet and 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.

The tables presented below in this section provide a separate analysis of each of the line items that comprise operating cash flow (revenue, operating expenses and SG&A expenses, excluding allocable stock-based compensation expense, as further discussed in note 13 to our condensed consolidated financial statements) as well as an analysis of operating cash flow by reportable segment for the three and nine months ended September 30, 2012 and 2011. These tables present (i) the amounts reported by each of our reportable segments for the comparative periods, (ii) the euro change and percentage change from period to period and (iii) the organic percentage change from period to period (percentage change after removing FX and the estimated impacts of acquisitions). The comparisons that exclude FX assume that exchange rates remained constant at the prior year rate during the comparative periods that are included in each table. We also provide a table showing the operating cash flow margins of our reportable segments for the three and nine months ended September 30, 2012 and 2011 at the end of this section.

The revenue of our reportable segments includes revenue earned from subscribers for ongoing services, revenue earned from B2B services, interconnect fees, channel carriage fees, installation fees, mobile 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 Europe, our ability to bundle or discount our services may be constrained if we are held to be dominant with respect to any product we offer. The amounts we charge and incur with respect to telephony interconnection fees are also subject to regulatory oversight in many of our markets. Adverse outcomes from rate regulation or other regulatory initiatives could have a significant negative impact on our ability to maintain or increase our revenue. For information concerning the potential impact of adverse regulatory developments in the Netherlands, see note 12 to our condensed consolidated financial statements.

Most of our revenue is derived from jurisdictions that administer value-added or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and corresponding declines in our operating cash flow and operating cash flow margins to the extent of any such tax increases. In this regard, value-added tax rates increased (i) effective January 1, 2012 in Ireland and Hungary and (ii) effective October 1, 2012 in the Netherlands. In addition, during the fourth quarter of 2010, the Hungarian government imposed a revenue-based tax on telecommunications operators (the 2010 Hungarian Telecom Tax) that is applicable to our broadband communications operations in Hungary, with retroactive effect to the beginning of 2010. The 2010 Hungarian Telecom Tax is currently scheduled to expire at the end of 2012. The European Commission initiated an investigation in March 2011 and, on September 29, 2011, the European Commission requested that Hungary abolish the 2010 Hungarian Telecom Tax on the grounds that it is illegal under EU rules. On March 22, 2012, the European Commission announced its decision to refer the matter to the European Court of Justice, as Hungary continues to impose the 2010 Hungarian Telecom Tax in violation of EU rules. The ultimate resolution of this matter may take several years, and no assurance can be given as to the outcome. Until such time as this matter is resolved, we will continue to accrue and pay the 2010 Hungarian Telecom Tax during the periods in which it is in effect. Through September 30, 2012, we have incurred total inception-to-date operating expenses of HUF 8.7 billion (€30.7 million) as a result of the 2010 Hungarian Telecom Tax. This amount includes a HUF 650.0 million (€2.3 million) reduction recorded during the second quarter of 2012 that reflects the cumulative effect of credits taken during the quarter with respect to prior period payments. The credits taken resulted from a change in our approach to determining the 2010 Hungarian Telecom Tax that was implemented on a retroactive basis during the second quarter of 2012.

During the second quarter of 2012, Hungary imposed an act that provides for a new usage-based telecommunication tax (the 2012 Hungarian Telecom Tax) on telecommunications service providers for fixed and mobile voice and mobile texting services, effective from July 1, 2012 for an indefinite period of time. Although the 2012 Hungarian Telecom Tax will result in higher costs for our broadband communications operations in Hungary, we do not expect the impact of this new tax to be material in relationship to our results of operations or cash flows. The existing 2010 Hungarian Telecom Tax remains in effect through December 31, 2012. On June 21, 2012, the European Commission sent a letter of formal notice to Hungary with respect to the 2012 Hungarian Telecom Tax setting out concerns regarding the compatibility of the tax with EU rules. Hungary has responded to the European Commission and indicated that it believes the 2012 Hungarian Telecom Tax is in compliance with EU rules. The European Commission may commence formal infringement proceedings against Hungary, which can ultimately lead to a case at the European Court of Justice.

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 September 30,		Increase (decrease)		Organic increase (decrease)
	2012	2011	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 239.9	€ 227.7	€ 12.2	5.4	5.2
Switzerland	247.8	243.6	4.2	1.7	4.8
Other Western Europe	164.4	158.0	6.4	4.1	4.1
Total Western Europe	652.1	629.3	22.8	3.6	4.8
Central and Eastern Europe	218.7	200.6	18.1	9.0	(0.7)
Central and other	22.8	23.8	(1.0)	(4.2)	(2.8)
Total UPC Europe	893.6	853.7	39.9	4.7	3.3
VTR (Chile)	187.0	164.2	22.8	13.9	3.2
Total	€ 1,080.6	€ 1,017.9	€ 62.7	6.2	3.3

	Nine months ended September 30,		Increase (decrease)		Organic increase (decrease)
	2012	2011	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 713.4	€ 682.1	€ 31.3	4.6	4.5
Switzerland	733.9	689.8	44.1	6.4	3.7
Other Western Europe	485.0	474.4	10.6	2.2	2.2
Total Western Europe	1,932.3	1,846.3	86.0	4.7	3.6
Central and Eastern Europe	647.1	595.0	52.1	8.8	(0.1)
Central and other	67.1	68.1	(1.0)	(1.5)	(0.5)
Total UPC Europe	2,646.5	2,509.4	137.1	5.5	2.6
VTR (Chile)	533.5	479.5	54.0	11.3	4.5
Total	€ 3,180.0	€ 2,988.9	€ 191.1	6.4	2.9

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

The Netherlands. The increases in the Netherlands' revenue during the three and nine months ended September 30, 2012, as compared to the corresponding periods in 2011, include (i) organic increases of €12.0 million or 5.2% and €31.0 million or 4.5%, respectively, and (ii) the impact of an acquisition, as set forth below:

	Three-month period			Nine-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)	€ 7.8	€ —	€ 7.8	€ 24.9	€ —	€ 24.9
ARPU (b)	2.8	—	2.8	3.8	—	3.8
Increase in non-subscription revenue (c)	—	1.4	1.4	—	2.3	2.3
Organic increase	10.6	1.4	12.0	28.7	2.3	31.0
Impact of acquisition	0.1	0.1	0.2	0.1	0.2	0.3
Total	€ 10.7	€ 1.5	€ 12.2	€ 28.8	€ 2.5	€ 31.3

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(a) The increases in the Netherlands' subscription revenue related to changes in the average numbers of RGUs are attributable to increases in the average numbers of telephony, digital cable 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 in the Netherlands led to declines in the average number of total video RGUs during the three and nine months ended September 30, 2012, as compared to the corresponding periods in 2011.

(b) The increases in the Netherlands' 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) net decreases resulting primarily from the following factors: (a) lower ARPU due to decreases in telephony call volume, including the impact of higher proportions of customers selecting usage-based calling plans, (b) lower ARPU due to the impact of bundling and promotional discounts and (c) higher ARPU due to January 2012 price increases for certain video services and, to a lesser extent, July 2012 price increases for bundled services.

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

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 nine months ended September 30, 2012, as compared to the corresponding periods in 2011, include (i) organic increases of €11.6 million or 4.8% and €25.2 million or 3.7%, respectively, (ii) the impact of acquisitions and (iii) the impact of FX, as set forth below:

	Three-month period			Nine-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)	€ 6.3	€ —	€ 6.3	€ 15.7	€ —	€ 15.7
ARPU (b)	5.6	—	5.6	9.9	—	9.9
Decrease in non-subscription revenue (c)	—	(0.3)	(0.3)	—	(0.4)	(0.4)
Organic increase (decrease)	11.9	(0.3)	11.6	25.6	(0.4)	25.2
Impact of acquisitions	0.9	—	0.9	2.3	—	2.3
Impact of FX	(7.5)	(0.8)	(8.3)	13.9	2.7	16.6
Total	€ 5.3	€ (1.1)	€ 4.2	€ 41.8	€ 2.3	€ 44.1

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(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, broadband internet and telephony RGUs that were only partially offset by declines in the average numbers of analog cable RGUs. The declines in the average numbers of Switzerland's analog cable RGUs led to declines in the average numbers of total video RGUs during the three and nine months ended September 30, 2012, as compared to the corresponding periods in 2011.

(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) net decreases resulting primarily from the following factors: (a) lower ARPU due to decreases in telephony call volume for customers on usage-based calling plans, (b) higher ARPU due to higher proportions of customers selecting higher-priced tiers of broadband internet services and, to a lesser extent, digital cable services and (c) lower ARPU due to the impact of bundling discounts.

(c) The decreases in Switzerland's non-subscription revenue are primarily attributable to the net effect of (i) declines in revenue from usage-based wholesale residential telephony services, (ii) declines in B2B revenue and (iii) during the nine-month period, an increase in installation revenue. The declines in B2B revenue are due primarily to lower revenue from construction and equipment sales that was only partially offset by growth in B2B broadband internet and telephony services.

In October 2012, we announced an agreement with regulatory authorities in Switzerland pursuant to which we will make certain changes to our service offerings in exchange for progressive increases in the price of our basic cable connection over the next two years. In this regard, effective January 1, 2013 we will begin to offer a basic tier of digital television channels on an unencrypted basis in our Switzerland footprint and, for video subscribers who pay the required upfront activation fee, we will make available, at no additional monthly charge, a two Mbps internet connection, which is an increase from the currently offered 300 Kbps internet connection. In addition, the price for a cable connection will increase by CHF 0.90 (€0.74) effective January 1, 2013 and a further CHF 0.60 (€0.50) effective January 1, 2014. Although the above changes in our 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 nine months ended September 30, 2012, Other Western Europe's revenue increased €6.4 million or 4.1% and €10.6 million or 2.2%, respectively, as compared to the corresponding periods in 2011, as set forth below:

	Three-month period			Nine-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)	€ 10.4	€ —	€ 10.4	€ 29.6	€ —	€ 29.6
ARPU (b)	(5.3)	—	(5.3)	(18.4)	—	(18.4)
Increase (decrease) in non-subscription revenue (c)	—	1.3	1.3	—	(0.6)	(0.6)
Total	€ 5.1	€ 1.3	€ 6.4	€ 11.2	€ (0.6)	€ 10.6

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(a) 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 number of total video RGUs in both Ireland and Austria during the three and nine months ended September 30, 2012, as compared to the corresponding periods in 2011.

(b) 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 (i) lower ARPU due to the impact of bundling discounts and (ii) lower ARPU due to decreases in telephony call volume for customers on usage-based calling plans, including the impact of higher proportions of customers selecting usage-based calling plans. The decreases in Austria's ARPU are primarily due to (a) lower ARPU due to the impact of bundling discounts, (b) lower ARPU due to higher proportions of customers selecting lower-priced tiers of broadband internet services, (c) higher ARPU due to the third quarter 2011 implementation of an additional charge for broadband internet services and (d) lower ARPU due to decreases in telephony call volume for customers on usage-based calling plans. 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.

(c) The changes in Other Western Europe's non-subscription revenue are due primarily to the net effect of (i) declines in revenue from Austria's B2B broadband internet and telephony services and (ii) increases in installation revenue in Austria and, during the three-month period, Ireland.

Central and Eastern Europe. The increases in Central and Eastern Europe's revenue during the three and nine months ended September 30, 2012, as compared to the corresponding periods in 2011, include (i) organic decreases of €1.4 million or 0.7% and €0.4 million or 0.1%, respectively, (ii) the impact of acquisitions and (iii) the impact of FX, as set forth below:

	Three-month period			Nine-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)	€ 12.6	€ —	€ 12.6	€ 29.8	€ —	€ 29.8
ARPU (b)	(13.6)	—	(13.6)	(32.2)	—	(32.2)
Increase (decrease) in non-subscription revenue (c)	—	(0.4)	(0.4)	—	2.0	2.0
Organic increase (decrease)	(1.0)	(0.4)	(1.4)	(2.4)	2.0	(0.4)
Impact of acquisitions	20.7	2.6	23.3	72.1	11.1	83.2
Impact of FX	(3.3)	(0.5)	(3.8)	(28.2)	(2.5)	(30.7)
Total	€ 16.4	€ 1.7	€ 18.1	€ 41.5	€ 10.6	€ 52.1

(a) The increases in Central and Eastern Europe's subscription revenue related to changes in the average numbers of RGUs are primarily 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 and, to a much lesser extent, MMDS video RGUs in Slovakia. In each country within our Central and Eastern Europe segment, declines in the average numbers of analog cable RGUs led to declines in the average number of total video RGUs during the three and nine months ended September 30, 2012, as compared to the corresponding periods in 2011.

(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 increases in the proportions of video, broadband internet and telephony subscribers selecting lower-priced tiers of services and (ii) higher ARPU due to the impacts of lower bundling discounts. 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 attributable to the net impact of various individually insignificant changes.

VTR (Chile). The increases in VTR's revenue during the three and nine months ended September 30, 2012, as compared to the corresponding periods in 2011, include (i) organic increases of €5.3 million or 3.2% and €21.8 million or 4.5%, respectively, and (ii) the impact of FX, as set forth below:

	Three-month period			Nine-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)	€ 6.7	€ —	€ 6.7	€ 21.3	€ —	€ 21.3
ARPU (b)	(0.4)	—	(0.4)	2.5	—	2.5
Decrease in non-subscription revenue (c)	—	(1.0)	(1.0)	—	(2.0)	(2.0)
Organic increase (decrease)	6.3	(1.0)	5.3	23.8	(2.0)	21.8
Impact of FX	16.2	1.3	17.5	29.8	2.4	32.2
Total	€ 22.5	€ 0.3	€ 22.8	€ 53.6	€ 0.4	€ 54.0

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(a) The increases in VTR's subscription revenue related to changes in the average numbers of RGUs are primarily 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 changes in VTR's subscription revenue related to changes in ARPU are primarily due to the positive impacts of improvements in RGU mix, attributable to higher proportions of digital cable RGUs, and a net decrease during the three-month period and a net increase during the nine-month period resulting primarily from the following factors: (i) lower ARPU due to the impact of discounts, (ii) higher ARPU due to semi-annual inflation and other price adjustments for video, broadband internet and telephony services, (iii) higher ARPU from digital cable services and (iv) lower ARPU from telephony services, primarily attributable to the net effect of (a) the negative impacts of lower volumes of calls subject to usage-based charges and (b) the positive impacts of higher proportions of customers on fixed-rate calling plans.

(c) The decreases in VTR's non-subscription revenue are attributable to the net effect of (i) decreases in installation revenue and (ii) net decreases resulting from various individually insignificant changes.

Operating Expenses of our Reportable Segments

	Three months ended September 30,		Increase (decrease)		Organic increase (decrease)
	2012	2011	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 66.9	€ 64.2	€ 2.7	4.2	4.1
Switzerland	69.7	68.1	1.6	2.3	5.8
Other Western Europe	62.4	59.4	3.0	5.1	5.1
Total Western Europe	199.0	191.7	7.3	3.8	5.0
Central and Eastern Europe	81.9	75.2	6.7	8.9	—
Central and other	20.7	21.4	(0.7)	(3.3)	(2.6)
Total UPC Europe	301.6	288.3	13.3	4.6	3.1
VTR (Chile)	75.4	68.1	7.3	10.7	0.4
Total operating expenses excluding stock-based compensation expense	377.0	356.4	20.6	5.8	2.6
Stock-based compensation expense	0.2	0.5	(0.3)	N.M.	
Total	€ 377.2	€ 356.9	€ 20.3	5.7	

	Nine months ended September 30,		Increase (decrease)		Organic increase (decrease)
	2012	2011	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 208.6	€ 201.7	€ 6.9	3.4	3.4
Switzerland	210.9	200.1	10.8	5.4	2.8
Other Western Europe	190.3	184.8	5.5	3.0	3.0
Total Western Europe	609.8	586.6	23.2	4.0	3.0
Central and Eastern Europe	245.4	229.9	15.5	6.7	(1.0)
Central and other	62.2	59.9	2.3	3.8	4.6
Total UPC Europe	917.4	876.4	41.0	4.7	2.1
VTR (Chile)	217.4	198.8	18.6	9.4	2.8
Total operating expenses excluding stock-based compensation expense	1,134.8	1,075.2	59.6	5.5	2.2
Stock-based compensation expense	0.4	1.1	(0.7)	N.M.	
Total	€ 1,135.2	€ 1,076.3	€ 58.9	5.5	

N.M. - Not Meaningful.

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

UPC Europe. UPC Europe's operating expenses (exclusive of stock-based compensation expense) increased €13.3 million or 4.6% and €41.0 million or 4.7%, during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. These increases include €8.6 million and €30.6 million, respectively, attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, UPC Europe's operating expenses increased €9.0 million or 3.1% and €18.2 million or 2.1%, respectively. These increases include the following factors:

- Increases in programming and related costs of €9.3 million or 10.2% and €20.4 million or 7.4%, respectively, due primarily to growth in digital video services, predominantly in Switzerland, Austria, Poland and the Netherlands. The increases in programming and related costs also reflect increases of €2.4 million and €0.1 million during the three- and nine-month periods, respectively, due to the net impact of accrual releases in the Netherlands during the first and second quarters of 2012 and the third quarter of 2011. These accrual releases primarily relate to the settlement or reassessment of operational contingencies;

- Increases in network-related expenses of €3.0 million or 8.6% and €8.2 million or 7.4%, respectively, due largely to (i) higher costs of €4.5 million due to the impact of a third quarter 2011 settlement of a claim for costs incurred in connection with faulty customer premises equipment, primarily in the Netherlands and Switzerland, (ii) lower costs of €2.9 million due to the impact of a third quarter 2012 settlement of a claim for costs incurred in connection with faulty customer premises equipment, primarily in the Netherlands, Switzerland and Poland, (iii) increased network and customer premises equipment maintenance costs, primarily in Switzerland, Ireland, Poland and the Czech Republic, and (iv) increased encryption costs, due largely to increased numbers of installed digital cable set-top boxes, largely in Poland, the Netherlands and Switzerland;

- Decreases in bad debt and collection expenses of €1.1 million or 12.3% and €5.1 million or 16.6%, respectively, primarily in Poland, the Czech Republic, Hungary, Ireland and, during the nine-month period, the Netherlands. These decreases are largely attributable to (i) improved collection experience and (ii) during the nine-month period, the €1.9 million impact of a non-recurring increase to bad debt expense that was recorded in the Netherlands during the first quarter of 2011;

- An increase during the nine-month period in personnel costs of €4.8 million or 3.0%, due largely to (i) annual wage increases in the Netherlands, Switzerland and Austria and (ii) increased staffing levels at UPC Europe's central operations and the Netherlands. The increased staffing levels at UPC Europe's central operations are due in part to increased numbers of strategic initiatives. During the three-month period, personnel costs remained relatively unchanged, as the above factors were offset by individually insignificant decreases in other personnel-related costs;

- Decreases associated with the 2010 Hungarian Telecom Tax of €0.4 million and €2.3 million, respectively, primarily attributable to a change in our approach to determining the 2010 Hungarian Telecom Tax that was implemented on a retroactive basis during the second quarter of 2012. For additional information, see *Discussion and Analysis of our Reportable Segments - General;*

- Decreases in outsourced labor and professional fees of €3.2 million or 11.5% and €2.1 million or 2.7%, respectively, due largely to lower call center costs in Switzerland. The decrease during the nine-month period is partially offset by higher outsourced labor costs associated with customer-facing activities in Switzerland;

- Decreases in interconnect costs of €1.0 million or 3.6% and €0.9 million or 1.0%, respectively, primarily due to (i) decreases in Austria, primarily attributable to lower usage and (ii) decreases in the Netherlands, due to the impact of reductions in fixed and mobile termination rates during the third quarter of 2012; and

- A net increase during the three-month period and a net decrease during the nine-month period resulting from individually insignificant changes in other operating expense categories.

VTR (Chile). VTR's operating expenses (exclusive of stock-based compensation expense) increased €7.3 million or 10.7% and €18.6 million or 9.4% during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. Excluding the effects of FX, VTR's operating expenses increased €0.3 million or 0.4% and €5.5 million or 2.8%, respectively. These increases include the following factors:

- Increases in programming and related costs of €1.5 million or 6.1% and €8.5 million or 12.1%, respectively, primarily associated with growth in digital cable services;

- Decreases in personnel costs of €0.9 million or 10.7**%** and €4.2 million or 14.6%, respectively, primarily related to lower bonus costs; and

- Increases in interconnect and access costs of €0.4 million or 3.5% and €2.4 million or 7.5%, respectively, due primarily to higher costs associated with broadband internet services, as the impact of higher traffic was only partially offset by lower average rates.

SG&A Expenses of our Reportable Segments

	Three months ended September 30, 2012	2011	Increase (decrease) €	%	Organic increase (decrease) %
	in millions				
UPC Europe:					
The Netherlands	€ 26.1	€ 25.2	€ 0.9	3.6	3.1
Switzerland	36.0	34.9	1.1	3.2	6.4
Other Western Europe	20.5	22.3	(1.8)	(8.1)	(8.1)
Total Western Europe	82.6	82.4	0.2	0.2	1.4
Central and Eastern Europe	26.9	23.1	3.8	16.5	8.5
Central and other	30.5	25.6	4.9	19.1	19.6
Total UPC Europe	140.0	131.1	8.9	6.8	6.2
VTR (Chile)	26.5	26.9	(0.4)	(1.5)	(11.1)
Total SG&A expenses excluding stock-based compensation expense	166.5	158.0	8.5	5.4	3.3
Stock-based compensation expense	5.2	2.8	2.4	85.7	
Total	€ 171.7	€ 160.8	€ 10.9	6.8	

	Nine months ended September 30, 2012	2011	Increase (decrease) €	%	Organic increase (decrease) %
	in millions				
UPC Europe:					
The Netherlands	€ 79.4	€ 75.3	€ 4.1	5.4	5.2
Switzerland	104.3	100.7	3.6	3.6	0.7
Other Western Europe	65.4	66.8	(1.4)	(2.1)	(2.1)
Total Western Europe	249.1	242.8	6.3	2.6	1.3
Central and Eastern Europe	81.6	71.5	10.1	14.1	8.0
Central and other	93.0	78.5	14.5	18.5	18.6
Total UPC Europe	423.7	392.8	30.9	7.9	6.0
VTR (Chile)	84.5	80.5	4.0	5.0	(1.3)
Total SG&A expenses excluding stock-based compensation expense	508.2	473.3	34.9	7.4	4.8
Stock-based compensation expense	13.7	8.8	4.9	55.7	
Total	€ 521.9	€ 482.1	€ 39.8	8.3	

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

UPC Europe. UPC Europe's SG&A expenses (exclusive of stock-based compensation expense) increased €8.9 million or 6.8% and €30.9 million or 7.9% during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. These increases include €2.7 million and €9.2 million, respectively, attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, UPC Europe's SG&A expenses increased €8.2 million or 6.2% and €23.5 million or 6.0%, respectively. These increases include the following factors:

- Increases in personnel costs of €6.6 million or 11.2% and €15.8 million or 8.8%, respectively, due primarily to (i) increased staffing levels at UPC Europe's central operations due largely to increased numbers of strategic initiatives and (ii) annual wage increases, predominantly 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 tax is payable in 2013 and is not applicable to future years. This new employee wage tax, which was authorized in September 2012, is based on wages for the year ended December 31, 2012; and

- Increases in facilities expenses of €0.7 million or 6.1% and €2.1 million or 5.8%, respectively, due largely to increases in costs related to the rental of office space in UPC Europe's central operations and the Netherlands.

VTR (Chile). VTR's SG&A expenses (exclusive of stock-based compensation expense) increased (decreased) (€0.4 million) or (1.5%) and €4.0 million or 5.0% during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. Excluding the effects of FX, VTR's SG&A expenses decreased €3.0 million or 11.1% and €1.0 million or 1.3%, respectively. These changes include the following factors:

- Decreases in personnel costs of €3.4 million or 30.5% and €6.3 million or 20.1%, respectively, primarily resulting from lower bonus costs and, to a lesser extent, lower staffing levels;

- Increases in facilities expenses of €0.4 million or 11.3% and €2.1 million or 20.6%, respectively, due primarily to higher rental and related costs associated with increases in office and other space;

- An increase (decrease) in sales and marketing costs of (€0.3 million) or (4.1%) and €1.5 million or 5.6%, respectively, due primarily to the net effect of (i) higher sales commissions paid to third parties and (ii) decreased advertising campaigns. The higher sales commissions are primarily attributable to higher numbers of sales generated by third-party dealers; and

- Net increases resulting from individually insignificant changes in other SG&A expense categories.

Operating Cash Flow of our Reportable Segments

Operating cash flow is the primary measure used by our chief operating decision maker to evaluate segment operating performance. As we use the term, operating cash flow is defined as revenue less operating and SG&A expenses (excluding stock-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating 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 September 30,		Increase (decrease)		Organic increase (decrease)
	2012	2011	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 146.9	€ 138.3	€ 8.6	6.2	6.2
Switzerland	142.1	140.6	1.5	1.1	3.9
Other Western Europe	81.5	76.3	5.2	6.8	6.8
Total Western Europe	370.5	355.2	15.3	4.3	5.4
Central and Eastern Europe	109.9	102.3	7.6	7.4	(3.3)
Central and other	(28.4)	(23.2)	(5.2)	(22.4)	(22.2)
Total UPC Europe	452.0	434.3	17.7	4.1	2.5
VTR (Chile)	85.1	69.2	15.9	23.0	11.6
Total	€ 537.1	€ 503.5	€ 33.6	6.7	3.7

	Nine months ended September 30,		Increase (decrease)		Organic increase (decrease)
	2012	2011	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 425.4	€ 405.1	€ 20.3	5.0	5.0
Switzerland	418.7	389.0	29.7	7.6	4.9
Other Western Europe	229.3	222.8	6.5	2.9	2.9
Total Western Europe	1,073.4	1,016.9	56.5	5.6	4.5
Central and Eastern Europe	320.1	293.6	26.5	9.0	(1.3)
Central and other	(88.1)	(70.3)	(17.8)	(25.3)	(25.1)
Total UPC Europe	1,305.4	1,240.2	65.2	5.3	2.0
VTR (Chile)	231.6	200.2	31.4	15.7	8.7
Total	€ 1,537.0	€ 1,440.4	€ 96.6	6.7	2.9

Operating Cash Flow Margin

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	%			
UPC Europe:				
The Netherlands	61.2	60.7	59.6	59.4
Switzerland	57.3	57.7	57.1	56.4
Other Western Europe	49.6	48.3	47.3	47.0
Total Western Europe	56.8	56.4	55.6	55.1
Central and Eastern Europe	50.3	51.0	49.5	49.3
Total UPC Europe, including central and other	50.6	50.9	49.3	49.4
VTR (Chile)	45.5	42.1	43.4	41.8

During the three- and nine-month periods, most of the cash flow margins of UPC Europe's operating segments improved or remained relatively unchanged. The operating cash flow margins of UPC Europe were negatively impacted by increases in the operating cash flow deficit of UPC Europe'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. The changes in the operating cash flow margins for the remaining segments of UPC Europe represent the net impact of improved operational leverage, resulting from revenue growth that more than offset the accompanying increases in operating and SG&A expenses, and competitive and economic factors. In the case of VTR, the increases in the operating cash flow margins are primarily attributable to improved operational leverage.

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 September 30,		Increase		Organic increase (decrease)
	2012	2011 (a)	€	%	%
	in millions				
Subscription revenue (b):					
Video	€ 516.3	€ 500.5	€ 15.8	3.2	0.3
Broadband internet	290.2	260.0	30.2	11.6	8.3
Telephony	159.7	145.2	14.5	10.0	7.1
Total subscription revenue	966.2	905.7	60.5	6.7	3.7
Non-subscription revenue (c)	114.4	112.2	2.2	2.0	(0.2)
Total	€ 1,080.6	€ 1,017.9	€ 62.7	6.2	3.3

	Nine months ended September 30,		Increase		Organic increase (decrease)
	2012	2011 (a)	€	%	%
	in millions				
Subscription revenue (b):					
Video	€ 1,534.5	€ 1,480.3	€ 54.2	3.7	0.1
Broadband internet	842.8	758.8	84.0	11.1	7.6
Telephony	466.3	427.3	39.0	9.1	6.5
Total subscription revenue	2,843.6	2,666.4	177.2	6.6	3.3
Non-subscription revenue (c)	336.4	322.5	13.9	4.3	(0.1)
Total	€ 3,180.0	€ 2,988.9	€ 191.1	6.4	2.9

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

(b) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile 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. However, due to regulatory, billing system and other constraints, the allocation of bundling discounts may vary between our broadband communications operating segments.

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

Total revenue. Our consolidated revenue increased €62.7 million and €191.1 million during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. These increases include €24.4 million and €85.8 million, respectively, attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, total consolidated revenue increased €33.2 million or 3.3% and €87.8 million or 2.9%, respectively.

Subscription revenue. The details of the increases in our consolidated subscription revenue for the three and nine months ended September 30, 2012, as compared to the corresponding periods in 2011, are as follows:

	Three-month period	Nine-month period
	in millions	
Increase (decrease) due to change in:		
Average number of RGUs	€ 46.4	€ 129.9
ARPU	(13.0)	(41.9)
Organic increase	33.4	88.0
Impact of acquisitions	21.7	74.5
Impact of FX	5.4	14.7
Total	€ 60.5	€ 177.2

Excluding the effects of acquisitions and FX, our consolidated subscription revenue increased €33.4 million or 3.7% and €88.0 million or 3.3% during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. These increases are attributable to (i) increases in subscription revenue from broadband internet services of €21.6 million or 8.3% and €58.0 million or 7.6%, respectively, as the impacts of increases in the average numbers of broadband internet RGUs were only partially offset by lower ARPU from broadband internet services, (ii) increases in subscription revenue from telephony services of €10.3 million or 7.1% and €27.8 million or 6.5%, respectively, as the impacts of increases in the average numbers of telephony RGUs were only partially offset by lower ARPU from telephony services and (iii) increases in subscription revenue from video services of €1.5 million or 0.3% and €2.2 million or 0.1%, respectively, as the impacts of higher ARPU from video services were only partially offset by declines in the average numbers of video RGUs.

Non-subscription revenue. Excluding the effects of acquisitions and FX, our consolidated non-subscription revenue decreased €0.2 million or 0.2% and €0.2 million or 0.1% during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. These decreases are primarily attributable to the net impact of (i) increases in revenue from late fees, (ii) increases in revenue from equipment sales, (iii) decreases in interconnect revenue and (iv) net decreases resulting from individually insignificant changes in other non-subscription 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 €20.3 million and €58.9 million during the three and nine months ended September 30, 2012, as compared to the corresponding periods in 2011. These increases include €8.6 million and €30.6 million, respectively, attributable to the impact of acquisitions. Our operating expenses include stock-based compensation expense, which decreased €0.3 million and €0.7 million during the three and nine months ended September 30, 2012, respectively. For additional information, see the discussion following *SG&A expenses* below. Excluding the effects of acquisitions, FX and stock-based compensation expense, our operating expenses increased €9.3 million or 2.6% and €23.7 million or 2.2% during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. These increases primarily reflect increases in programming and other direct costs and, to a lesser extent, the net effect of (i) increases in network related expenses, (ii) decreases in bad debt and collection expenses, (iii) decreases associated with the 2010 Hungarian Telecom Tax, primarily attributable to credits taken during the second quarter of 2012, and (iv) decreases in outsourced labor and professional fees. 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 €10.9 million and €39.8 million during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. These increases include €2.7 million and €9.2 million, respectively, attributable to the impact of acquisitions. Our SG&A expenses include stock-based compensation expense, which increased €2.4 million and €4.9 million during the three and nine months ended September 30, 2012. For additional information, see the discussion in the following paragraph. Excluding the effects of acquisitions, FX and stock-based compensation expense, our SG&A expenses increased €5.2 million or 3.3% and €22.5 million or 4.8% during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. These increases primarily reflect increases in (i) personnel costs, (ii) facilities expenses, (iii) sales and marketing costs and (iv) net increases resulting from individually insignificant changes in other SG&A expense categories. For additional information regarding the changes in our SG&A expenses, see *SG&A Expenses of our Reportable Segments* above.

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
	in millions			
LGI common stock:				
LGI performance-based incentive awards (a)	€ 2.8	€ 1.4	€ 6.7	€ 3.8
Other LGI stock-based incentive awards	2.3	1.9	6.4	5.9
Total LGI common stock	5.1	3.3	13.1	9.7
Other (b)	0.3	—	1.0	0.2
Total	€ 5.4	€ 3.3	€ 14.1	€ 9.9
Included in:				
Operating expenses	€ 0.2	€ 0.5	€ 0.4	€ 1.1
SG&A expenses	5.2	2.8	13.7	8.8
Total	€ 5.4	€ 3.3	€ 14.1	€ 9.9

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

(b) The 2012 periods include stock-based compensation expense related to performance-based awards granted pursuant to a liability-based plan of VTR. These awards were granted during the first quarter of 2012 and, subject to the achievement of the minimum performance criteria, 50% to 150% of these awards will vest on December 31, 2013 based on the level of the specified performance criteria that is achieved through 2012.

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

Depreciation and amortization expense

Our depreciation and amortization expense increased €29.6 million and €67.9 million during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. Excluding the effects of FX, depreciation and amortization expense increased €29.2 million or 12.0% and €66.5 million or 9.2%, respectively, due primarily to the net effect of (i) increases associated with capital expenditures 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 and the Netherlands and (iii) increases associated with acquisitions.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of (€0.8 million) and €2.3 million, respectively, during the three and nine months ended September 30, 2012, as compared to €10.7 million and €14.3 million, respectively, during the corresponding periods in 2011.

In the case of certain of our smaller reporting units, including our broadband communications operations in Hungary and the Czech Republic, a hypothetical decline of 20% or more in the fair value of any of these reporting units could result in the need to record a goodwill impairment charge. At September 30, 2012, the goodwill associated with these reporting units aggregated €601.7 million. If, among other factors, (i) LGI's equity values were to decline significantly, or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill, and to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

Interest expense - third-party

Our third-party interest expense increased €16.0 million and €63.6 million during the three and nine months ended September 30, 2012, respectively, as compared to the corresponding periods in 2011. These increases are primarily attributable to higher average outstanding debt balances. In addition, interest expense was impacted by a slightly lower weighted average interest rate during the three-month period and a slightly higher weighted average interest rate during the nine-month period. The changes in our weighted average interest rates are primarily related to the net effect of (a) the completion of certain financing transactions that generally resulted in extended maturities and higher 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 incurred on our variable-rate indebtedness could increase in future periods.

Interest expense - related-party

Our consolidated related-party interest expense primarily relates to the interest expense on our shareholder loan. Our total consolidated related-party interest expense increased €53.2 million and €152.6 million during the three and nine months ended September 30, 2012, respectively, as compared to corresponding periods in 2011. This increase is primarily due to the net effect of (i) an increase in the weighted average interest rate on our shareholder loan from 7.75% during the 2011 period to 9.79% during the 2012 period and (ii) a decrease in the average outstanding balance of our shareholder loan during the 2012 period, as compared to the corresponding prior year periods. 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 September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	in millions			
Cross-currency and interest rate derivative contracts (a)	€ (165.4)	€ 208.5	€ (369.2)	€ (42.5)
Foreign currency forward contracts	—	14.3	5.2	(14.1)
Embedded derivatives	0.3	(0.9)	1.6	(0.2)
Total	€ (165.1)	€ 221.9	€ (362.4)	€ (56.8)

(a) The loss during the 2012 three-month period is primarily attributable to the net effect of (i) losses associated with decreases in market interest rates in the euro, Polish zloty, Swiss franc and Hungarian forint markets, (ii) losses associated with increases in the values of the Chilean peso and Swiss franc relative to the U.S. dollar, (iii) losses associated with increases in the values of the Polish zloty and Chilean peso relative to the euro, (iv) gains associated with decreases in market interest rates in the U.S. dollar market and (v) losses associated with a decrease in the value of the U.S. dollar relative to the euro. The loss during the 2012 nine-month period is primarily attributable to the net effect of (i) losses associated with increases in the values of the Polish zloty, Hungarian forint, Chilean peso and Swiss franc relative to the euro, (ii) losses associated with decreases in market interest rates in the euro, Hungarian forint, Swiss franc, Polish zloty and Czech koruna markets, (iii) gains associated with decreases in market interest rates in the U.S. dollar market and (iv) losses associated with an increase in the value of the Chilean peso relative to the U.S. dollar. In addition, the losses during the 2012 periods include net losses of €25.6 million and €70.8 million, respectively, resulting from changes in our credit risk valuation adjustments. The gain during the 2011 three-month period is primarily attributable to the net effect of (i) losses associated with decreases in market interest rates in the Swiss franc, euro, Chilean peso, Czech koruna and Polish zloty markets, (ii) gains associated with decreases in the values of the Chilean peso, Swiss franc and Romanian lei relative to the U.S. dollar, (iii) gains associated with decreases in the values of the Polish zloty, Hungarian forint and Chilean peso relative to the euro and (iv) gains associated with an increase in the value of the U.S. dollar relative to the euro. The loss during the 2011 nine-month period is primarily attributable to the net effect of (i) losses associated with decreases in market interest rates in the Swiss franc, euro, Chilean peso, Polish zloty and Czech koruna markets, (ii) gains associated with decreases in the values of the Polish zloty, Chilean peso and Hungarian forint relative to the euro, (iii) gains associated with a decrease in the value of the Chilean peso relative to the U.S. dollar, (iv) losses associated with an increase in the value of the Swiss franc relative to the euro and (v) losses associated with an increase in the value of the Swiss franc relative to the U.S. dollar. In addition, the gains (losses) during the 2011 periods include net gains of €48.5 million and €75.5 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 September 30,				Nine months ended September 30,			
	2012		2011		2012		2011	
	in millions							
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a)	€	68.0	€	(189.9)	€	116.6	€	(125.0)
U.S. dollar denominated debt issued by European subsidiaries		29.9		(104.5)		(9.3)		32.9
Cash and restricted cash denominated in a currency other than the entity's functional currency		0.2		1.9		5.8		(1.4)
Other		1.5		(4.9)		(0.4)		(3.2)
Total	€	99.6	€	(297.4)	€	112.7	€	(96.7)

(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 nil and €3.0 million during the three and nine months ended September 30, 2012, respectively, as compared to €0.3 million and €11.7 million during the three and nine months ended September 30, 2011, respectively. The loss during the 2012 nine-month period includes (i) the incurrence of 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. The loss during the 2011 nine-month period includes the write-off of €11.3 million of deferred financing costs and an unamortized discount during the first quarter in connection with the prepayment of amounts outstanding under Facilities M, P, T and U under the UPC Broadband Holding Bank Facility. For additional information, see note 7 to our condensed consolidated financial statements.

Income tax expense

We recognized income tax expense of €33.0 million and €4.2 million during the three months ended September 30, 2012 and 2011, respectively.

The income tax expense during the three months ended September 30, 2012 differs from the expected income tax benefit of €40.0 million (based on the Dutch 25.0% income tax rate) due primarily to the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of interest and other items and (ii) a net increase in valuation allowances.

The income tax expense during the three months ended September 30, 2011 differs from the expected income tax benefit of €33.0 million (based on the Dutch 25.0% income tax rate) due primarily to the negative impacts of certain permanent differences between the financial and tax accounting treatment of interest and other items.

We recognized income tax expense of €76.8 million and €49.2 million during the nine months ended September 30, 2012 and 2011, respectively.

The income tax expense during the nine months ended September 30, 2012 differs from the expected income tax benefit of €147.9 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.

The income tax expense during the nine months ended September 30, 2011 differs from the expected income tax benefit of €87.9 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 September 30, 2012 and 2011, we reported net losses of €192.9 million and €136.2 million, respectively, including (i) operating income of €270.8 million and €252.0 million, respectively, (ii) non-operating expense of €430.7 million and €384.0 million, respectively, and (iii) income tax expense of €33.0 million and €4.2 million, respectively.

During the nine months ended September 30, 2012 and 2011, we reported net losses of €668.3 million and €400.7 million, respectively, including (i) operating income of €746.0 million and €694.2 million, respectively, (ii) non-operating expense of €1,337.5 million and €1,045.7 million, respectively, and (iii) income tax expense of €76.8 million and €49.2 million, respectively.

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

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

Net earnings attributable to noncontrolling interests

Net earnings attributable to noncontrolling interests was €10.5 million and €25.0 million during the three and nine months ended September 30, 2012, respectively, as compared to €4.2 million and €17.1 million during the three and nine months ended September 30, 2011, respectively. These increases are primarily attributable to improvements in the results of operations of VTR.

Material Changes in Financial Condition

Sources and Uses of Cash

As a holding company, UPC Holding's primary assets are its investments in consolidated subsidiaries. UPC Holding's primary subsidiary is UPC Broadband Holding, which owns all of the operating subsidiaries that are consolidated by UPC Holding. Although our consolidated operating subsidiaries have generated cash from operating activities, the terms of the instruments governing the indebtedness of UPC Broadband Holding may restrict our ability to access the assets of these subsidiaries. As set forth in the table below, these subsidiaries accounted for substantially all of our consolidated cash and cash equivalents at September 30, 2012. In addition, our ability to access the liquidity of these and other subsidiaries may be limited by tax considerations, the presence of noncontrolling interests and other factors.

Cash and cash equivalents

The details of the euro equivalent balances of our consolidated cash and cash equivalents at September 30, 2012 are set forth in the following table. With the exception of UPC Holding, which is reported on a standalone basis, the amounts presented below include the cash and cash equivalents of the named entity and its subsidiaries unless otherwise noted (in millions):

Cash and cash equivalents held by:		
UPC Holding	€	—
UPC Broadband Holding (excluding VTR)		51.9
VTR		19.1
Total cash and cash equivalents	€	71.0

Liquidity of UPC Holding

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

The ongoing cash needs of UPC Holding include corporate general and administrative expenses and interest payments on the UPC Holding Senior Notes. From time to time, UPC Holding may also require cash in connection with (i) the repayment of outstanding debt (including the purchase or exchange of outstanding debt securities in 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 LGI and other LGI 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 September 30, 2012, see note 7 to our condensed consolidated financial statements. Our subsidiaries' liquidity generally is used to fund capital expenditures and debt service requirements. From time to time, our subsidiaries may also require funding in connection with (i) acquisitions and other investment opportunities, (ii) loans to UPC Holding or other LGI subsidiaries 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 information concerning the Aster Acquisition, see note 2 to our condensed consolidated financial statements.

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

Capitalization

We seek to maintain our debt at levels that provide for attractive returns without assuming undue risk. In this regard, we strive to cause our operating subsidiaries to maintain their debt at levels that result in a consolidated debt balance that is between four and five times our consolidated operating cash flow. The ratio of our September 30, 2012 Senior Debt to annualized EBITDA (last two quarters annualized) for UPC Holding was 3.72x for the quarter ended September 30, 2012. In addition, the ratio of our September 30, 2012 Total Debt to our annualized EBITDA (last two quarters annualized) for the quarter ended September 30, 2012 was 4.78x, with each ratio defined and calculated in accordance with the UPC Broadband Holding Bank Facility.

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

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

At September 30, 2012, our outstanding consolidated third-party debt and capital lease obligations aggregated €9,655.8 million, including €65.4 million that is classified as current in our condensed consolidated balance sheet and €9,295.0 million that is due in 2016 or thereafter.

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

With the exception of the UPC Holding Senior Notes, all of our consolidated third-party debt and capital lease obligations had been borrowed or incurred by our subsidiaries at September 30, 2012.

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

Condensed Consolidated Cash Flow Statements

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

Summary. During the nine months ended September 30, 2012, we used net cash provided by our operating activities of €718.7 million and cash and cash equivalents of €63.8 million (excluding an €8.3 million increase due to FX) to fund net cash used by our investing activities of €602.6 million and net cash used by our financing activities of €179.9 million.

Operating Activities. Net cash provided by our operating activities increased €30.2 million, from €688.5 million during the first nine months of 2011 to €718.7 million during the first nine months of 2012. This increase in cash provided is primarily attributable to the net effect of (i) an increase in the cash provided by our operating cash flow and related working capital items, (ii) a decrease in cash provided due to higher cash payments for interest, (iii) an increase in the reported net cash provided by operating activities due to FX, (iv) an increase in cash provided due to lower cash payments related to derivative instruments and (v) a decrease in cash provided due to higher net cash payments for taxes.

Investing Activities. Net cash used by our investing activities decreased €581.2 million, from €1,183.8 million during the first nine months of 2011 to €602.6 million during the first nine months of 2012. This decrease in cash used is primarily attributable to (i) a decrease in cash used of €565.2 million due to lower cash paid in connection with acquisitions, net of cash acquired, and (ii) a decrease in cash used of €37.9 million due to lower capital expenditures. Capital expenditures decreased from €595.6 million during the first nine months of 2011 to €557.7 million during the first nine months of 2012, due primarily to a net decrease in the local currency capital expenditures of our subsidiaries that was only partially offset by increases due to acquisitions and FX.

As further discussed and quantified below, the capital expenditures that we report in our condensed consolidated cash flow statements do not include (i) amounts that are financed under vendor financing or capital lease arrangements or (ii) purchased assets transferred to our company by another entity under the common control of LGI in exchange for non-cash increases to a related-party vendor financing loan or non-cash contributions from our parent (non-cash related-party capital additions). Instead, these expenditures 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, as repayments of debt when the related principal is repaid. For additional information, see notes 6 and 7 to our condensed consolidated financial statements.

UPC Europe accounted for €434.6 million and €493.2 million of our consolidated capital expenditures during the nine months ended September 30, 2012 and 2011, respectively. The UPC Europe capital expenditure amounts exclude €32.4 million and €42.5 million, respectively, of capital additions that were financed under vendor financing or capital lease arrangements, and €87.3 million of non-cash related-party capital additions. The decrease in the capital expenditures of UPC Europe (excluding the impact of capital additions financed under vendor financing and capital lease arrangements and non-cash related-party capital additions) is due primarily to the net effect of (i) a decrease in expenditures for new build and upgrade projects to expand services, (ii) a decrease in expenditures for support capital, such as information technology upgrades and general support systems, (iii) an increase in expenditures for the purchase and installation of customer premises equipment and (iv) an increase due to FX.

VTR accounted for €123.1 million and €102.4 million of our consolidated capital expenditures during the nine months ended September 30, 2012 and 2011, respectively. The increase in the capital expenditures of VTR is due primarily to the net effect of (i) an increase in expenditures for the purchase and installation of customer premises equipment, (ii) an increase in expenditures for new build and upgrade projects, (iii) an increase due to FX and (iv) a decrease in expenditures for support capital, such as information technology upgrades and general support systems.

Financing Activities. Net cash used by our financing activities was €179.9 million during the first nine months of 2012, as compared to net cash provided by our financing activities of €459.6 million during the first nine months of 2011. This change is primarily attributable to the net effect of (i) a decrease in cash of €450.3 million related to higher net repayments of related-party debt, (ii) a decrease in cash of €198.2 million related to lower net borrowings of third-party debt (iii) an increase in cash of €49.6 million related to changes in cash collateral and (iv) a decrease in cash of €48.3 million due to higher cash payments related to derivative instruments.

Off Balance Sheet Arrangements

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

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

Contractual Commitments

As of September 30, 2012, the euro equivalents (based on September 30, 2012 exchange rates) of our consolidated contractual commitments are as follows:

	Payments due during:							
	Remainder of 2012	Year ended December 31, 2013	2014	2015	2016	2017	Thereafter	Total
	in millions							
Debt (excluding interest):								
Third-party	€ 40.4	€ 23.3	€ —	€ 290.7	€ 1,706.5	€ 1,949.0	€ 5,677.8	€ 9,687.7
Related-party	—	80.8	—	—	—	—	8,073.9	8,154.7
Capital leases (excluding interest)	1.0	2.1	1.7	1.6	1.7	1.7	15.8	25.6
Operating leases	25.9	59.3	43.3	40.6	32.5	27.3	147.5	376.4
Programming commitments	28.8	58.7	34.8	33.4	32.7	32.4	—	220.8
Other commitments	121.3	58.6	36.6	36.3	21.4	19.3	39.2	332.7
Total (a)	€ 217.4	€ 282.8	€ 116.4	€ 402.6	€ 1,794.8	€ 2,029.7	€ 13,954.2	€18,797.9
Projected cash interest payments on third-party debt and capital lease obligations (b)	€ 111.3	€ 525.1	€ 587.3	€ 590.7	€ 597.5	€ 527.5	€ 1,183.2	€ 4,122.6

(a) The commitments reflected in this table do not reflect any liabilities that are included in our September 30, 2012 balance sheet other than debt and capital lease obligations. Our liability for uncertain tax positions in the various jurisdictions in which we operate (€8.2 million at September 30, 2012) has been excluded from the table as the amount and timing of any related payments are not subject to reasonable estimation.

(b) Amounts are based on interest rates, interest rate payment dates and contractual maturities in effect as of September 30, 2012. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative agreements, deferred financing costs, discounts or commitment fees, all of which affect our overall cost of borrowing. Amounts associated with related-party debt are excluded.

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 nine months ended September 30, 2012 and 2011, the programming and copyright costs incurred by our broadband communications and DTH operations aggregated €386.5 million and €347.8 million, respectively.

Other commitments relate primarily to (i) satellite commitments associated with satellite carriage services provided to our company, (ii) purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us, including €48.3 million related to related-party purchase obligations, and (iii) certain fixed minimum contractual commitments associated with our agreements with franchise or municipal authorities. Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments pursuant to which we expect to make payments in future periods. For information concerning projected cash flows associated with these derivative instruments, see *Projected Cash Flows Associated with Derivatives* below. For information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2012 and 2011, see note 4 to our condensed consolidated financial statements.

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

Projected Cash Flows Associated with Derivatives

The following table provides information regarding the projected cash flows associated with our derivative instruments. The euro equivalents presented below are based on interest rates and exchange rates that were in effect as of September 30, 2012. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, see note 4 to our condensed consolidated financial statements.

	Payments (receipts) due during:							
	Remainder of 2012	Year ended December 31,					Thereafter	Total
		2013	2014	2015	2016	2017		
	in millions							
Projected derivative cash payments (receipts), net:								
Interest-related (a)	€ (34.9)	€ 284.4	€ 360.1	€ 88.4	€ 153.6	€ 28.2	€ 25.1	€ 904.9
Principal-related (b)	0.8	—	382.5	35.0	140.8	(11.3)	(33.0)	514.8
Other	—	(0.5)	—	—	(1.2)	(2.4)	(24.9)	(29.0)
Total	€ (34.1)	€ 283.9	€ 742.6	€ 123.4	€ 293.2	€ 14.5	€ (32.8)	€ 1,390.7

(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.