ZIGGO GROUP HOLDING B.V.

Annual Report
December 31, 2015

Ziggo Group Holding B.V.
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The Netherlands

ZIGGO GROUP HOLDING B.V.

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FORWARD-LOOKING STATEMENTS

Certain statements in this annual report constitute forward-looking statements. To the extent that statements in this annual 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 *Business* and *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies, our property and equipment additions, subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of our market, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in our revenue, costs or growth rates, our liquidity, credit risks, foreign currency risks, target leverage levels, our future projected contractual commitments and cash flows and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the market in which we operate;
- the competitive environment in the Netherlands, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of our existing service offerings, including our digital video, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- our ability to maintain or increase the number of subscriptions to our digital video, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the market in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that opens our broadband distribution networks to competitors;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions, including the impact of the conditions imposed in connection with the Ziggo Acquisition, as described below;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement our business plan with respect to, the businesses we have acquired or may acquire, such as with respect to the Ziggo Acquisition;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the market in which we operate;

- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors (including our third-party wireless network providers under our mobile virtual network operator (**MVNO**) arrangement) to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our digital video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with planned network extentions;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire, including in relation to the Ziggo Acquisition;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this annual 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 annual 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.

BUSINESS

*In this annual report, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Ziggo Group Holding B.V. (**Ziggo Group Holding**) (or its predecessor) or collectively to Ziggo Group Holding (or its predecessor) and its subsidiaries after giving effect to the common control transfers, as described in notes 1 and 5 to our consolidated financial statements. Unless otherwise indicated, operational and statistical data, including subscriber statistics and product offerings, are as of December 31, 2015.*

Introduction

We are a subsidiary of Liberty Global plc (**Liberty Global**) that provides video, broadband internet, fixed-line telephony and mobile services in the Netherlands.We operate the largest cable network in the Netherlands in terms of video subscribers and are located throughout most of the Netherlands, including major cities like Amsterdam, Rotterdam, The Hague, Utrecht, Eindhoven, Groningen and Maastricht. We provide video, broadband internet and fixed-line telephony over our broadband communications network and mobile services as an MVNO. We classify our customers based on our main subscription-based business activities.

Liberty Global is the largest international cable company with operations in 14 countries. Liberty Global connects people to the digital world and enables them to discover and experience its endless possibilities. Liberty Global's market-leading products are provided through next-generation networks and innovative technology platforms that connected 27 million customers subscribing to 57 million television, broadband internet and fixed-line telephony services at December 31, 2015. In addition, Liberty Global served 5 million mobile subscribers and offered WiFi service across six million access points.

The following table presents our operating statistics as of the dates indicated:

	December 31, 2015	December 31, 2014
Footprint		
Homes Passed (1)	7,023,200	6,982,700
Two-way Homes Passed (2)	7,009,100	6,968,000
Customer Relationships		
Customer Relationships (3)	4,090,400	4,291,600
RGUs per Customer Relationship	2.38	2.31
Subscribers (RGUs) (4) (5)		
Basic Video (6)	768,000	902,100
Enhanced Video (7)	3,320,500	3,387,300
Total Video	4,088,500	4,289,400
Internet (8)	3,101,400	3,066,000
Telephony (9)	2,538,300	2,576,000
Total RGUs (10)	9,728,200	9,931,400
Penetration		
Enhanced Video Subscribers as a % of Total Video Subscribers(11)	81.2 %	79.0 %
Internet as % of Two-way Homes Passed(12)	44.2 %	44.0 %
Telephony as % of Two-way Homes Passed(12)	36.2 %	37.0 %
Customer bundling		
Single-Play	22.8 %	26.6 %
Double-Play	16.6 %	15.3 %
Triple-Play	60.6 %	58.1 %
Mobile statistics		
Mobile subscribers (13)	186,800	129,500

(1) Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant. Our Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results. Due to the fact that we do not own the partner networks (defined below) used in our footprint (see note 10), we do not report homes passed for partner networks.

(2) Two-way Homes Passed are Homes Passed by those sections of our networks that are technologically capable of providing two-way services, including video, internet and telephony services.

(3) Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as Revenue Generating Units (**RGUs**), without regard to which or to how many services they subscribe. To the extent that RGU counts include equivalent billing unit adjustments, we reflect corresponding adjustments to our Customer Relationship counts. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Customer Relationships. We exclude mobile-only customers from Customer Relationships.

(4) RGU is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Telephony Subscriber (each as defined and described below). A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to our enhanced video service, telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced Video, Internet and Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers, free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our December 31, 2015 RGU count excludes our separately-reported postpaid mobile subscribers.

(5) Our business-to-business (**B2B**) revenue includes revenue from small or home office (**SOHO**) subscribers that pay a premium price to receive enhanced service levels along with video, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. All mass marketed products provided to SOHOs, whether or not accompanied by enhanced service levels and/or premium prices, are included in our RGU and customer counts, with only those services provided at premium prices considered to be "SOHO RGUs" or "SOHO customers". With the exception of our business SOHO subscribers, we generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

(6) Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards (as defined below), or other integrated or virtual technologies that we use to provide our enhanced service offerings. We count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premises is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs. During the first quarter of 2015, we modified certain video subscriber definitions to better align these definitions with the underlying services received by our subscribers and have replaced our "Digital Cable" and "Analog Cable" subscriber definitions with "Enhanced Video" and "Basic Video," respectively.

(7) Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network or through a partner network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. A subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As we migrate customers from basic to enhanced video services, we report a decrease in our Basic Video Subscribers equal to the increase in our Enhanced Video Subscribers. Subscribers to enhanced video services provided over a partner network receive basic video services from the partner network as opposed to our operations. During the first quarter of 2015, we modified certain video subscriber definitions to better align these definitions with the underlying services received by our subscribers and have replaced our "Digital Cable" and "Analog Cable" subscriber definitions with "Enhanced Video" and "Basic Video," respectively.

(8) Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over our networks, or that we service through a partner network.

(9) Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over our networks, or that we service through a partner network. Telephony Subscribers exclude mobile telephony subscribers.

(10) Pursuant to service agreements, we offer enhanced video, broadband internet and telephony services over networks owned by third-party cable operators (**partner networks**). A partner network RGU is only recognized if there is a direct billing relationship with the customer.

(11) Enhanced video penetration is calculated by dividing the number of enhanced video RGUs by the total number of basic and enhanced video RGUs.

(12) Telephony and broadband penetration is calculated by dividing the number of telephony RGUs and broadband RGUs, respectively, by the total two-way homes passed.

(13) Our mobile subscriber count represents the number of active subscriber identification module (**SIM**) cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers.

History

Ziggo Group Holding, a wholly-owned subsidiary of Liberty Global, provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands. Ziggo Group Holding's primary subsidiaries consist of (i) UPC Nederland Holding I B.V. (**UPC Nederland Holding**) and its subsidiaries, including Ziggo Services B.V. (**Ziggo Services**), and (ii) LGE HoldCo VI B.V. (**HoldCo VI**) and its subsidiaries, including LGE HoldCo VII B.V. (**HoldCo VII**), LGE HoldCo V B.V. (**HoldCo V**) and HoldCo V's subsidiary, Ziggo Holding B.V. (**Ziggo Holding**).

UPC Nederland Holding, and its subsidiaries, was one of the historic cable operations owned by Liberty Global and its predecessors. Ziggo Holding was a publicly-traded company in the Netherlands established on February 1, 2007, following the merger of @Home, Casema and Multikabel. Between May 2008 and November 11, 2014, these three companies operated under the Ziggo brand name. Since 1999, @Home had been one of the largest cable television operators in the Netherlands. It offered entertainment, communications and data through (digital) television and radio channels. Casema was a leading Dutch cable television provider that offered a range of services, including television, broadband internet, internet protocol television (**IPTV**), telephony and data communications. Multikabel served homes, companies and institutions with television and radio programs.

On November 6, 2014, Ziggo Group Holding acquired 100% of the equity of HoldCo VI from another subsidiary of Liberty Global in exchange for shares of Ziggo Group Holding (the **HoldCo VI Transfer**). As a result of the HoldCo VI Transfer, the following entities have been included in our consolidated financial statements for the following periods during which they were under the common control of Liberty Global: (i) HoldCo V from its inception date of April 5, 2013; (ii) HoldCo VI from its inception date of December 6, 2013; (iii) HoldCo VII from its inception of December 11, 2013; and (iv) Ziggo Holding from the Ziggo Acquisition Date, as defined below. On the date of the HoldCo VI Transfer, HoldCo VI indirectly held, through HoldCo V, all 41,329,850 shares of Ziggo Holding that Liberty Global subsidiaries had acquired from March 2013 through July 2013, net of those shares used to settle a derivative instrument. For additional information regarding HoldCo V's acquisition of Ziggo Holding shares prior to the Ziggo Acquisition, as defined and described below, see note 6 to our consolidated financial statements.

On November 11, 2014 (the **Ziggo Acquisition Date**), HoldCo V acquired a controlling interest in Ziggo Holding (the **Ziggo Acquisition**). We accounted for this transaction using the acquisition method of accounting. For additional information regarding the Ziggo Acquisition and the subsequent acquisition of additional Ziggo Holding shares, see note 4 to our consolidated financial statements.

During the first quarter of 2015, Liberty Global undertook various financing transactions in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. As a part of these reorganizations, 100% of the shares of Ziggo Services were transferred on March 5, 2015 from UPC Western Europe Holding B.V., another subsidiary of Liberty Global, to Ziggo Group Holding in exchange for shares of Ziggo Group Holding (the **Ziggo Services Transfer**).

As the Ziggo Services Transfer and the HoldCo VI Transfer constitute transactions between entities under common control, we have reflected these transfers at carryover basis, and our consolidated financial statements have been retrospectively revised to give effect to these transfers for all periods during which (i) Ziggo Group Holding, (ii) UPC Nederland Holding and each of its subsidiaries and (iii) HoldCo VI and each of its subsidiaries were under the common control of Liberty Global. After giving effect to the Ziggo Services Transfer, Ziggo Services is included in our consolidated financial statements for all periods presented and Ziggo Holding is included in our consolidated financial statements on and after the Ziggo Acquisition Date. Ziggo Services has been treated as the predecessor entity of Ziggo Group Holding for financial reporting purposes. For additional information regarding the Ziggo Services Transfer and the HoldCo VI Transfer, see note 5 to our consolidated financial statements.

Recent Development

On February 15, 2016, Liberty Global announced that Liberty Global Europe Holding B.V. (**Liberty Global Europe**) and Vodafone International Holding B.V., a wholly-owned subsidiary of Vodafone Group Plc, had reached an agreement to merge their operating businesses in the Netherlands to form a 50-50 joint venture (the **JV**). The JV will operate under both the Vodafone and Ziggo brands and will create a nationwide integrated communications provider. Pursuant to the proposed transaction, Ziggo Group Holding, including its third-party debt and net operating losses, will be contributed to the JV. This transaction is subject to customary closing conditions, including regulatory approval, and is anticipated to close around the end of 2016. This transaction will not trigger a change of control under Ziggo Group Holding's credit facilities.

The JV intends to distribute 100% of its available cash to the shareholders. In addition, the parties expect to raise additional debt financing at the JV to increase the JV's net leverage ratio to 4.5 and 5 times EBITDA (as calculated pursuant to Ziggo Group Holding's existing financing arrangements) and to make a pro rata distribution of capital to Liberty Global and Vodafone.

Upon consummation of this transaction, Liberty Global and Vodafone will enter into a shareholders agreement for the JV. Each of Liberty Global and Vodafone will hold 50% of the issued share capital of the JV. The supervisory board of the JV will be comprised of eight members, with three appointed by each of Liberty Global and Vodafone and two nominated by the works councils of the contributed businesses in accordance with Dutch law. In general, most decisions of the supervisory board will require the assent of individuals appointed by both Liberty Global and Vodafone. Certain decisions, referred to as "Reserved Matters" will require the approval of both JV partners, either directly or through their designees to the supervisory board, including: changes in the constituent documents, capital, executive management or branding of the JV; a merger or sale of all or substantially all of the assets of the JV; the approval of the annual budget of the JV; and certain other material business, investing and financing decisions of the JV. The chairman of the supervisory board will rotate on an annual basis between a member appointed by each respective shareholder group.

Our Services

We offer a variety of broadband services over our cable network, including video, broadband internet and telephony. Our network is almost fully bi-directional and Euro DOCSIS 3.0 enabled. This network enables us to provide premium digital video services, broadband internet services at very high speeds and fixed-line telephony services. Our video service offerings include basic and premium programming and incremental product and service offerings, such as enhanced pay-per-view programming, including video-on-demand (**VoD**), digital video recorders (**DVR**) and high definition (**HD**) television services. Our residential subscribers generally access our broadband internet services via cable modems, directly connected to their personal computers, or via WiFi at various speeds depending on the tier of service selected. We determine pricing for each different tier of internet service through analysis of speed, market conditions and other factors. For our internet customers, we deploy community WiFi branded "**WiFiSpots**", to allow customers seamless access to WiFi when they are away from home. We offer our telephony services using voice-over-internet-protocol or "**VoIP**" technology. Our key product offer is our triple-play bundle consisting of enhanced video, broadband internet and fixed-line telephony. As an additional service for our customers, we offer mobile voice and data services.

We generate revenue principally from relationships with our customers who pay subscription fees for the services provided. Subscription fees for our basic video services are typically paid directly by single family homes (or single dwelling units) subscribing to the service. Single family home customers also pay us directly for the subscription fees associated with our premium video services, as well as the broadband internet, fixed-line telephony and mobile services they purchase from us.

In addition to our residential services, we also offer a range of video, voice, broadband internet and data services to business customers. We tailor these services to the needs of our B2B customers. Our WiFiSpots and our mobile offerings are a key part of our B2B services. Prices for these services are established based on the size of the business customer and types of services received.

Video Services

Our cable operations offer a full range of video services, including basic and premium programming and incremental product and service offerings, such as HD channels, DVR, HD receivers, HD DVR, an electronic programming guide and access to VoD. We have enhanced pay-per-view programming, which we distribute through VoD. We also offer a multimedia home gateway "**Horizon TV**", see *"Interactive Services"* below.

To receive our enhanced video services, a subscriber must obtain a set-top box and a conditional access security card, or a "**smart card**", from us. In lieu of a set-top box, a subscriber may use a common interface plus ("**CI+**") module in combination with a smart card to access our enhanced video services. A CI+ module is a small device (credit card size) that allows customers with CI+ enabled television set, which subscribe to, or otherwise have access to, our enhanced video service, to view such services without a set-top box. No set-top box, smart card or CI+ module is, however, required to receive our unencrypted basic digital services. Accordingly, subscribers with the necessary equipment and who pay monthly subscription fee for our analog package are able to also receive our basic digital services. In addition, expanded channel packages and premium channels and services are available for an incremental monthly fee.

We offer multiple tiers of digital video programming and audio services starting with a basic video service. Subscribers to our basic video service generally receive 30 digital video channels (including four HD), up to 30 analog video channels and 90 analog radio channels. We tailor video services based on programming preferences, culture, demographics and local regulatory requirements. Our channel offerings include general entertainment, sports, movies, documentaries, lifestyles, news, adult, children and ethnic and foreign language channels. We also offer a variety of premium channel packages to meet the special interests of our subscribers. We continue to upgrade our systems to expand our digital services and encourage our analog subscribers to convert to a digital video service.

For an additional monthly charge, a subscriber may upgrade to one of our extended digital tier services and receive an increased number of video and radio channels, including the channels in the basic tier service and additional HD channels. Enhanced video subscribers may also subscribe to one or more packages of premium channels, including additional HD channels for an additional monthly charge. Premium channels available include HBO, *Film1*, Sport1 NL, Fox Sports International and the premium football league channel, Fox Sports Eredivisie, alone or in combination, for additional monthly charges. We also offer premium packages, such as Turkish and Hindi channels and an adult entertainment package. A subscriber to our enhanced video services also has the option, for an incremental monthly charge, to upgrade the standard digital set-top box to a Horizon TV box (which has HD DVR capabilities). For subscribers who want access to thousands of movies and TV series, we offer "**MyPrime**". MyPrime, which is included in our enhanced video services with our Horizon TV platform, offers customers unlimited streaming access to a library of on-demand content both through our set-top boxes and through the Horizon Go platform (as described below). Our library consists of approximately 1,500 movies and over 1,500 television episodes from local and international suppliers, such as ABC/ Disney, A+E Networks, NBC/Universal, CBS/Paramount, BBC, Warner TV and Sony. The MyPrime offering also includes 500 children's episodes. These boxes may be rented from us. VoD services, including catch-up television, are available on a subscription basis or a transaction basis, depending on the tier of enhanced video service selected by the subscriber. It is also available to CI + users. A subscription-based VoD service is included in the extended digital tier for no additional charge. The subscription-based VoD service includes various programming, such as music, kids, documentaries, adult, sports or series and a limited amount of 3D programming.

Discounts to our monthly service fees are available to any subscriber who selects a bundle of two or more of our services (**bundled services**): video, internet, fixed-line telephony and mobile services. Bundled services consist of "double-play" for two services, "triple-play" for three services and "quadruple-play" for four services.

Interactive Services

In September 2012, we launched Horizon TV, which is a next generation multimedia home gateway decoder box based on a digital television-platform that is capable of distributing video, voice and data content throughout the home and to multiple devices. The Horizon TV box, which has been available to all our customers since April 2015, allows customers to view programming information while their current program is playing and to record up to four programs simultaneously. The Horizon brand is also used to describe the family of media products that allows subscribers to view and share content across the television, computer, tablet and smart phone ("**Horizon Go**"). For our Horizon TV subscribers, we offer applications on the gateway device that provide access to various internet services such as YouTube and Facebook. At December 31, 2015, we had 706,000 Horizon subscribers.

In April 2015, we launched our new cloud DVR service ("**Replay TV**"). This service allows our customers to go back seven days in the electronic programming guide to "replay" linear programming they have missed. Using the Horizon Go application, customers can watch programs from the past seven days on their laptops, smart phones or tablets at no additional cost. The cloud DVR platform allows our customers to have DVR functionality, without the need of a hard drive inside the set-top boxes.

We offer regular interactive DVR and HD DVR. Additionally, in March 2013, we launched a fully cloud-based interactive television service using existing set-top boxes. By combining IP protocol with the standard set-top box, devices without built-in hardware functionality for interactivity can make use of the interactive services through our cable network. In November 2013, we introduced a CI+ 1.3 module that enables subscribers to view enhanced video services without a set-top box and use a single remote control. To utilize this service, customers must have a CI+ 1.3 enabled television and obtain the CI+ 1.3 module and smart card from us. An interactive receiver in the set-top box is then no longer necessary for those subscribers to our enhanced video services.

We make available certain applications to our subscribers. For our Horizon TV subscribers, we offer applications for various online services (such as YouTube, Facebook, Picasa and others). The Horizon family of products also includes an online television application for viewing on a second screen called Horizon Go that allows video customers to view over 100 linear video channels, of which up to 90 channels are available outside the home. Furthermore, the Horizon family of products provides the ability to remotely schedule the recording of a TV program on the gateway decoder box at home through an iOS or Android mobile digital device or an internet browser. Other applications offered allow customers to use their smart phone as an extension of their home phone line.

Broadband Internet

We offer multiple tiers of broadband internet service with download speeds ranging from 40 Mbps to 200 Mbps for our ultra high-speed internet service as part of our residential bundle offers. Our ultra high-speed internet service is based on Euro DOCSIS 3.0 technology, which is an international standard that defines the requirements for data transmission over a cable system. Although we are currently the leader in internet speed in a majority of the Netherlands, we have begun the trial phase of Euro DOCSIS 3.1 technology, which we believe will allow us to boost our broadband speeds to 1 Gbps over time in a cost effective manner. We also offer value-added broadband services for an incremental charge. These services include security (anti-virus, anti-spyware, firewall, spam protections and childproof lock) and online storage solutions. As described under "-*Mobile Services*" below, we also offer mobile broadband services.

A subscriber must subscribe to our video service (or the video service in a partner network) in order to subscribe to our internet service. They may do this through either a double-play option that bundles our broadband internet services with our enhanced video services or as a triple-play option that bundles our broadband internet services with our enhanced video and fixed-line telephony services. We offer various levels of download speeds depending on the package selected. Our mid-tier bundled product, Connect & Play Complete, offers download speeds of 120 Mbps, which we expect will be increased to 150 Mbps as of April 1, 2016.

Our residential subscribers generally access the internet via cable modems directly connected to their internet capable devices that include personal computers, or via WiFi at various speeds depending on the tier of service selected. This standard means of access is changing as we expand our services to offer wireless networks for the home, such as Horizon TV. Subscribers to our internet service pay a monthly fee based on the tier of service selected. We determine pricing for each different tier of internet service through analysis of speed, data limits, market conditions and other factors.

In 2013, we launched WiFiSpots enabling broadband internet subscribers access to the internet experience outside of the home. WiFiSpots, which provide secure access to the internet for our subscribers, are created by using the public channel of our WiFi Euro DOCSIS 3.0 modems installed at customer premises. The public channel is a separate network from the secure private network used by the customer within the home and is automatically enabled when the modem is installed. Currently, we have more than 2.0 million WiFiSpots throughout the Netherlands. Our subscribers can automatically access these public networks after they create a free (one-time activation) account and then connect to the secure network.

Fixed-line Telephony

Multi-feature fixed-line telephony services are available through VoIP. We pay interconnection fees to other telephony and internet providers when calls by our subscribers terminate on another network and receive similar fees from providers when calls by their users terminate on our network through interconnection points.

Our fixed-line telephony service may be selected in combination with one or more of our other services. Our fixed-line telephony service includes a basic telephony product for line rental and various calling plans, which may consist of any of the following: national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. Fixed-line telephony products offered as part of our bundles include a flat rate connection and unlimited calls to fixed-lines in the Netherlands. We offer a flat rate plan for international calls. At an incremental cost, we also offer value-added services, such as a second phone line, a personal call manager and unified messaging.

Mobile Services

We launched mobile telephony services in September 2013. Our mobile services are offered as an option to customers who subscribe to at least one of our other products, including video, broadband internet or fixed-line telephony. We introduced our mobile service as part of a strategy to offer customers a full product portfolio from a single source, and with the aim to increase customer loyalty and satisfaction. In October 2015, we launched our new mobile portfolios in the consumer and business markets, which include 4G speeds, up to 6 GB of data and more value for the customer, such as roaming-free calls to Dutch telephone numbers from anywhere in Europe. All of our offered mobile subscriptions can be adjusted on a monthly basis.

We provide mobile services, both internet and voice, through partnerships with a third-party mobile network operator. We own the core network, including the mobile phone numbers, switching, backbone, voice and data interconnections, and lease the third party's radio access network. For certain portions of our mobile customer base, we outsource the core network to a third party. These arrangements permit us to offer our customers unique and converged fixed and mobile services without having to build and operate a cellular radio tower network. A full MVNO also provides us with much better cost economics and flexibility to rent radio access services from a third-party operator than a light MVNO arrangement would provide, where we do not have a core network that is fully integrated with our infrastructure.

Our customers who subscribe to a single, double- or triple-play bundle service receive a discount on their mobile service fee. Our mobile services include voice, short message service and internet or data access under a postpaid monthly service plan. We also typically charge a one-time activation fee to our customers for each SIM card.

Business Services

In addition to our residential services, we offer a range of voice, broadband internet and data services to business customers. Our business customers include SOHO (generally fewer than 20 employees), medium and large enterprises. Our B2B services are designed to meet the specific demands of our business customers with a wide range of services, including increased data transmission speeds and virtual private networks. Our B2B services focus primarily on the SOHO and small to medium businesses already connected to our networks. The services for our B2B customers include a core bundle offer with a maximum download speed of 500 Mbps and upload speeds of 40 Mbps. Our services to B2B customers are characterized by additional features, such as static IP addresses, on-line security, hosting, higher upload speeds, cloud services, multiline telephony services and a premium pricing structure. We also offer mobile data and voice services for B2B customers, as well as a business television service, which includes Horizon TV. For B2B customers requiring multiple television services, such as hospitals, holiday parks and penitentiaries, we offer a standard video package for further distribution by the B2B customer.

Our business services are provided to customers at contractually established prices based on the size of the business and type of services received. SOHO customers pay a premium price to receive enhanced service levels along with video, internet or telephony services (including mobile) that are the same or similar to the mass marketed products offered to our residential subscribers. For medium to large business customers, we enter into individual agreements that address their needs. These agreements are for a period of one or more years. In addition to providing business services over our networks, we also have agreements to provide these services to our business customers over dedicated fiber lines and third-party fiber networks.

Operations

Marketing and Sales

We market and sell our products to customers using a broad range of sales channels, primarily online sales through our website, inbound and outbound telemarketing and partner retailers. We also sell our services direct to the customers at certain marketing events and through our own retails stores.

We encourage customers to purchase our services and products through our website. We believe our website provides customers a clear explanation of our services and pricing. We currently outsource our inbound and outbound telemarketing operations to external service providers. We also have exclusive stores and partner shops in various cities in our footprint. We further target residential customers through partnerships with retail outlets, such as multi-media retailers, electronics and telecommunications stores. The sales through these partnerships generally focus on enhanced video services.

For our B2B sales, we have a team of dedicated in-house sales support managers who work exclusively with our key account customers. These managers develop and cultivate close working relationships with our key account customers and work with residential sales teams to generate customer sales leads and increase retention of existing customers.

Customer Service

Our customer service operations are responsible for all customer care activities, including handling customer queries and complaints. Their focus is on developing and enhancing customer lifetime management as well as offline and online marketing integration. Customer service also provides inbound telemarketing and sales support functions for residential and SOHO customers. To reduce our customer service call volume, we utilize our customers in one online customer web service, “Ziggo Community”. In addition, we utilize an automated voice response center and social media like Twitter and Facebook to reduce customer call volume. We also operate dedicated customer service centers in *Utrecht, The Hague, and Zwolle*.

Our customer service agents are skilled in multiple areas, including marketing campaigns, customer care and sales for a variety of products as well as technical service. All of our customer services agents are regularly trained in soft skills and on new product offerings. We also have a specialized team for sales and customer care in relation to our B2B services and also teams specifically focusing on customer retention as well as complaint management.

We are required to operate a “switch desk”, which enables customers to transition between different television, internet access and telephony (including mobile) service providers with minimal disruption to their service.

Network and Technology

Our video, broadband internet and fixed-line telephony services are transmitted over a hybrid fiber coaxial cable network. This network is composed of national and regional fiber networks, which are connected to the home over the last few hundred meters by coaxial cable. This network allows for two-way communications and is flexible enough to support our current services, as well as new services.

We also provide our services over certain cable networks owned by third parties. We offer this service on an exclusive and non-exclusive basis to small cable network owners who have not developed the capability to offer premium products, such as digital video, broadband internet and telephony. The 7.0 million homes passed on our network excludes homes reached by a third-party owned network.

We closely monitor our network capacity and customer usage. Where necessary, we increase our capacity incrementally, for instance by splitting nodes in our network. We also continue to explore new technologies that will enhance our customer’s connected entertainment experience, such as:

- recapturing bandwidth and optimizing our networks by increasing the number of nodes in our markets and using digital compression technologies;
- enhancing our network to accommodate additional business services;
- using wireless technologies to extend our services outside the home;
- offering remote access to our video services through personal computers, smart phones and tablets; and
- expanding the availability of Horizon TV and related products and developing and introducing online media sharing and streaming or cloud based video.

Supply Sources

For our video services, we license most of our programming and on-demand offerings from content providers and third-party rights holders, including broadcasters and cable programming networks. For such licenses, we generally pay a monthly fee on a per channel or per subscriber basis with minimum pay guarantees in certain cases. We generally enter into long-term programming licenses with volume discounts and marketing support. For on-demand programming, we generally enter into shorter-term agreements and also pay royalties based on our subscribers’ usage. To accommodate our customers’ needs for video access everywhere, we have signed agreements with large commercial broadcasters in the Netherlands pursuant to which we pay them for the right to distribute their content through our network through all available means, including via HD, VoD and Horizon Go.

We purchase each type of customer premises equipment from a number of different suppliers. Customer premises equipment includes set-top boxes, DVRs, tuners and similar devices. For each type of equipment, we retain specialists to provide customer support.

We license software products, including email and security software, and content, such as news feeds, from several suppliers for our internet services. The agreements for these products require us to pay a per subscriber fee for software licenses and a share of advertising revenue for content licenses. For our fixed-line telephony services, we license software products, such as voicemail, text messaging and caller ID, from a variety of suppliers. For these licenses, we seek to enter into long-term contracts, which generally require us to pay based on usage of the services.

Competition

The markets for video, broadband internet, fixed-line telephony and mobile services are highly competitive and rapidly evolving. In addition, technological advances and product innovations have increased and are likely to continue to increase the number of alternative providers available to our customers. Consequently, our business has faced and is expected to continue to face significant competition specifically as a result of deregulation in the European Union (**EU**). The percentage information provided below is based on information from the subscription based website DataXis for the third quarter of 2015.

Video Distribution

We are the largest cable television provider in the Netherlands based on the number of video cable subscribers. Our video cable services are available to approximately 92% of the television households in the Netherlands and we serve approximately 54% of the total television market. We experience most of our competition from other fixed-line telecommunications carriers and broadband providers, including the incumbent telephony operator Koninklijke KPN N.V. (**KPN**). KPN offers (a) IPTV over fiber optic lines to the home, cabinet or building or to the node networks (**FTTx**), (b) IPTV through broadband internet connections using digital subscriber line (**DSL**) technology, very high-speed DSL technology (**VDSL**) or an enhancement to VDSL, such as "vectoring", (c) digital terrestrial television, which transmits digital signals over the air providing a greater number of channels and better quality than traditional analog broadcasting, and (d) long-term evolution wireless service, the next generation of ultra high-speed mobile data, also called "4G" (referred to herein as **LTE**). In addition we experience competition from (1) direct-to-home satellite (**DTH**) service providers; (2) over-the-top video content aggregators utilizing our or our competitors' high-speed internet connections; and (3) movie theaters, video stores, video websites and home video products. We also compete to varying degrees with other sources of information and entertainment, such as online entertainment, newspapers, magazines, books, live entertainment/ concerts and sporting events. Free-to-air television is not a significant competitive factor because the Netherlands is predominately a pay television market.

KPN provides subscription video services to 29% of the total television households in the Netherlands. Its ability to offer bundled triple-play of video, broadband internet and telephony services and a quadruple-play with mobile services, places significant competitive pressure on our operations. KPN's VDSL service includes VoD and DVR functionality, catch-up television, replay television and second screen viewing. In addition, KPN has launched its own over-the-top video service. Portions of our network, approximately 30%, have also been overbuilt by KPN's and other providers' FTTx networks, and expansion of these networks is expected to continue. Another principal competitor in the provision of video services is from the DTH provider CanalDigitaal, a subsidiary of M7 Group S.A. CanalDigitaal, which offers DTH services, provides subscription video services to 9% of the total television households in the Netherlands.

To improve our competitive position, we introduced new portfolios for our double- and triple-play offers. Our triple-play bundle is used as a means of driving video, as well as other products, where convenience and price can be leveraged across the portfolio of services. For an incremental fee, customers may also include mobile voice and data with 4G speeds to any bundle package. The bundle options give subscribers the option to select various combinations of services to meet their needs, including high-speed internet, fixed-line telephony options and content options. Also, our extended digital video tiers include Horizon TV, Replay TV and MyPrime. Horizon Go is also available, providing subscribers the ability to watch linear and VoD programming through a second screen application on smart phones, tablets and PCs and to record programs remotely. In addition, we continue to improve the quality of our programming and modify our video options by offering attractive content packages. For example, in November 2015, we launched Ziggo Sport, our new sports channel, which we added to all existing video packages for no additional charge.

Internet

We face competition primarily from KPN, one of the largest broadband internet providers and, to a lesser extent, the telecommunications company, Tele2 Netherlands Holding N.V., as well as operators using wholesale access on KPN's fixed network. KPN offers ultra high-speed internet services with download speeds of up to 500 Mbps on its FTTx network and up to 100 Mbps over its VDSL or FTTx network. KPN is the leading mobile broadband provider with its competitively priced mobile internet products and LTE services. KPN and other competitors in both fixed-line and wireless broadband internet services offer a range of services with varying speeds, as well as interactive computer based services, data and other non-video services. KPN serves 42% and Ziggo Group Holding serves 43%, respectively, of the total broadband internet market in the Netherlands. To remain competitive, we seek to increase the maximum speed of our connections, offering varying tiers of service, prices and bundled product offerings and a range of value added services. We are also expanding our mobile data services, including access to Community Wifi. The bundle strategies include offering ultra high-speed internet with speeds of up to 200 Mbps to compete with KPN's VDSL and FTTx initiatives. We offer internet service through bundled offerings that include digital video and, in certain offerings, include fixed-line telephony. We also offer mobile voice and data services with 4G speeds.

Telephony

KPN is the dominant fixed-line telephony provider and expanded its mobile services with its LTE network, which is available throughout the Netherlands. All of the large multiple system operators, including Ziggo Group Holding, as well as ISPs, offer VoIP services. We entered the mobile market as an MVNO in September 2013. Our market share of the fixed-line telephony market is 38% compared to 51% for KPN. In the mobile market, we are small compared to the competition with less than 1% of the market.

Because of the mature market, customers tend to be price sensitive. Therefore, our telephony strategy is focused around value leadership. We position our services as "anytime" or "any destination". Our portfolio of calling plans includes a variety of options designed to meet the needs of our subscribers. Such options include national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. We offer a variety of plans to meet customer needs and we also use our bundled options without our digital video and internet services to help promote our telephony services.

Regulatory Matters

Overview

The following section provides a summary of certain of our regulatory requirements and obligations in the Netherlands. This description is not intended to be a comprehensive description of all regulation in this area nor a review of specific obligations which have been imposed on us. Adverse regulatory developments could subject our businesses to a number of risks. Regulation could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and capital expenditures. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content. Failure to comply with current or future regulation could expose our businesses to penalties.

The video distribution, internet and telephony markets in which we operate are regulated at the EU level. In the Netherlands, these regulations are implemented through the *Telecommunicatiewet* (the Dutch Telecommunications Act, "**DTA**") and the *Mediawet* (the Dutch Media Act, "**DMA**") and related legislation and regulations. The Authority for Consumers and Markets ("**ACM**", *Autoriteit Consument & Markt*) has been integrated, and the Dutch Radiocommunications Agency ("**AT**", *Agentschap Telecom*) supervise and enforce compliance with certain parts of the DTA. Pursuant to the DTA, ACM is designated as a National Regulatory Authority. The Dutch Media Authority (*Commissariaat voor de Media*) is authorized to enforce compliance with the DMA.

In addition to complying with industry specific regimes, we must comply with both specific and general legislation concerning, among other areas, competition, data protection, data retention, internet service provider liability, consumer protection and e-commerce.

Europe

The body of EU law that deals with electronic communications regulation consists of a variety of legal instruments and policies (collectively referred to as the "**Regulatory Framework**"). The key elements of the Regulatory Framework are (i) various legal measures that require the EU's Member States to harmonize their laws and (ii) certain EU regulations that have effect without any national transposition.

The Regulatory Framework primarily seeks to open European markets for communications services. It harmonizes the rules for the establishment and operation of electronic communications networks, including cable television and traditional telephony networks, and the offer of electronic communications services, such as telephony, internet and, to some degree, television services. The Regulatory Framework does not generally address issues of content.

Although the distribution of television channels by a cable operator falls within the scope of the Regulatory Framework, the activities of a broadcaster are harmonized by other elements of EU law, in particular the Audiovisual Media Services Directive (**AVMS**). The AVMS, which was adopted on December 11, 2007, amended the EU's existing Television Without Frontiers Directive (**TVWF**). The AVMS has been implemented in the Netherlands through the DMA. Under the AVMS, broadcasts originating in and intended for reception within an EU Member State must generally respect the laws of that Member State. Pursuant to both the AVMS and TVWF, however, and in accordance with what is referred to as the "country of origin principle", an EU Member State must allow within its territory the free transmission of broadcast signals of a broadcaster established in another EU Member State so long as such broadcaster complies with the laws of its home state. The AVMS also establishes quotas for the transmission of European-produced programming and programs made by European producers who are independent of broadcasters.

The Netherlands

The DTA sets forth an exhaustive list of conditions that may be imposed on electronic communications networks and services. Possible obligations include interoperability and interconnection regulations, *ex ante* regulations for providers with significant market power, financial charges for universal services or for the costs of regulation, environmental requirements, data protection regulations, data retention (although currently abolished) and wiretapping obligations, appropriate technical and organizational measures to manage risks posed to security of networks and services, notification requirements, consumer protection rules, provision of customer information to law enforcement agencies and access obligations. Certain key provisions included in the DTA are described below, but this description is not intended to be a comprehensive description of all regulations in this area.

Licensing and Exclusivity

The Regulatory Framework requires the Netherlands to abolish exclusivities on public electronic communications networks and services and to allow operators into its markets. Therefore, the DTA contains a system of general authorizations. A provider of a public electronic communications network or service needs to notify ACM of its network or service, which will register the notification. The purpose of the notification is to increase transparency and to ensure effective regulation and does not constitute a formal condition for market entry.

With regard to scarce resources such as telephone numbers and frequencies, a system of licenses applies. ACM administers licenses with regard to telephone numbers. AT administers the frequency spectrum and grants licenses with regard to the use of frequencies.

Access, Interoperability and Interconnection

All providers of public electronic communications networks or services who control access to end-users are obliged to enter into negotiations upon the request of a competitor to conclude an interoperability agreement. Interoperability refers to all measures, including access and interconnection, which should be implemented to ensure end-to-end connections. If a provider does not comply with its obligation to enter into negotiations, ACM, at the other party's request, can impose proportionate obligations on the provider in order to ensure end-to-end connectivity. Where commercial negotiation fails, ACM has the power to secure access, interconnection and interoperability in the interest of end-users.

Significant Market Power

To ensure that the telecommunications markets become genuinely competitive, ACM can impose *ex ante* regulation by means of market analysis decisions on operators or service providers that have significant market power (equated here to dominance) in a relevant market. *Ex ante* regulation means that ACM sets behavioral rules beforehand with which operators or service providers with significant market power must comply. The provisions of the DTA permit ACM to impose certain access obligations on providers of public electronic communications networks that have significant market power.

Before it can be established whether an operator or service provider has significant market power, ACM needs to determine, in accordance with the principles of general European competition law, in which relevant market(s) the operator or service provider competes. ACM must do this while taking into account the European Commission's "Recommendation on relevant product and service markets within the electronic communications sector", the latest version of which was published by the European

Commission on October 9, 2014. ACM may also define additional relevant markets provided that any such market meets the cumulative criteria defined by the European Commission in its so called three criteria test for determining whether a market is susceptible to *ex ante* regulation.

A company will be deemed to have significant market power if, either individually or jointly with others, it enjoys a market position equivalent to dominance, i.e., a position of economic strength affording it the power to behave to an appreciable extent independently of competitors, customers and ultimately consumers.

If ACM determines that a company has significant market power, ACM may impose one or more appropriate and proportionate obligations. These obligations relate to, among other things, access and use of specific network facilities, non-discrimination, transparency and the level of tariffs at both the wholesale and retail level. To ensure a proper functioning of the market, these obligations may not be disproportionate.

ACM completed its first round of market analyses in 2005. In 2008, ACM finished its second round of market analyses for the period of 2009-2011. In 2012, ACM finished its third round of market analyses for the period of 2012-2015. Relevant to us in the third round of market analyses, ACM published its regulatory conclusions regarding the broadcasting markets in December 2011, and adopted its market analysis decisions regarding the fixed and mobile call termination markets in 2013.

As part of the fourth round of market analyses, ACM analyzed the Local Loop Unbundling (**LLU**) market. Other market analysis decisions are expected as part of the fourth round of market analysis. It cannot be excluded that, after this round of market analyses, we will be subject to ex ante regulation in one or more markets.

ACM Broadcast Market Analysis Decision

In December 2011, ACM completed a market assessment of the television market in the Netherlands, concluding that there were no grounds for regulation of that market. On December 22, 2011, referring to its final assessment of the television market, ACM rejected previously filed requests from a number of providers to perform a new market analysis of the television market. This decision by ACM was appealed by those providers at the Dutch Supreme Administrative Court. On November 5, 2012, the Dutch Supreme Administrative Court rejected the appeals against ACM's decision. Hence there is no regulation imposed on the broadcast market.

ACM Call Termination Market Analysis Decisions

In respect of the call termination market, ACM has taken the view that all providers of call termination on fixed-line and mobile networks in the Netherlands have significant market power because all such providers exclusively control access to end-users connected to their respective public telephone networks. As a result, in relation to fixed call termination services, we have been subject to specific *ex ante* obligations, including in particular tariff regulation (maximum termination charges), since ACM's initial market analysis decision of July 7, 2010. On August 5, 2013, ACM published its latest market analysis decision on the mobile and fixed call termination markets. ACM determined that the maximum charges for fixed-line termination should be lowered from €0.0037 per minute to €0.00108 per minute and for mobile termination from €0.024 per minute to €0.01019 per minute. These tariff caps would enter into force from September, 1, 2013 and apply for a three year period.

The decision was appealed by various operators, including ourselves, and on August 27, 2013, the Dutch Supreme Administrative Court decided in a preliminary decision that the decrease of cap charges should be less steep than ACM had initially determined, resulting in a price cap for fixed-line termination of €0.00302 per minute and a cap for mobile termination of €0.01861 per minute. These caps apply until the Dutch Supreme Administrative Court has arrived at a final decision in the appeal proceedings on the merits. This final decision is not expected before the end of 2016, given that the Dutch Supreme Administrative Court ruled on October 15, 2014, to pose prejudicial questions to the European Court of Justice. The appeal is pending while these questions are being answered. The hearing with the European Court of Justice took place on March 16, 2016, the conclusion of the Advocate General is expected to be published on April 28, 2016, to be followed by the ruling of the European Court of Justice.

ACM Local Loop Unbundling Market

Following the European Commission's clearance of the Ziggo Acquisition, on October 31, 2014, ACM published as part of the fourth round of market analysis a draft of market analysis decision on LLU. In this draft decision, ACM found that there is a risk of joint dominance of KPN and Ziggo in the related retail broadband market, which would be remedied on the wholesale market for LLU where ACM found a risk of single dominance of KPN. This draft decision was subject to national consultation followed by notification to the European Commission. The European Commission issued serious doubts regarding the draft LLU decision, causing ACM to redraft their initial decision. After another national consultation in July 2015 and European notification in November 2015, ACM published the final decision on December 17, 2015. In the final decision, ACM no longer finds a risk of joint dominance for KPN and Ziggo at the retail level but still concludes that there is a risk of consumer harm due to prices being set above the competitive equilibrium. At the wholesale level, ACM concluded that Ziggo is not part of the relevant LLU market and that KPN is dominant on that market, and ACM imposed obligations on KPN only.

ACM has found that we have significant market power in the wholesale market for call termination on public telephone networks at a fixed location (hereinafter referred to as the "call termination market"). The relevant ACM decision as discussed above.

End-user Protection

As a provider of public electronic communication networks and services, we are subject to specific regulations aiming to protect end-users, including regulations concerning information obligations toward consumers, the enactment of amendments to end-user contracts, the term of end user contracts, termination rights of consumers, quality reporting, access to emergency numbers and subscriber information. Access to emergency numbers has to be provided without limitation and free of charge. Access to subscriber information includes the provision of access to the names, addresses and telephone numbers of our subscribers who have consented to be included in directory enquiry services.

Data Protection

For providers of public electronic communications networks or services, a strict data protection regime applies in the Netherlands. In addition to the general data protection framework of the Data Protection Act (*Wet bescherming persoonsgegevens,* "**DPA**"), the DTA sets out specific regulations for providers of public electronic communications networks and services. These regulations entail technical facilities that must be offered, such as specification of invoices, telephone number identification and transfer of calls. Apart from this, the DTA provides rules regarding the use and processing of location data and traffic data (i.e., call detail records), subscriber lists, security breaches and spam. The DTA and the DPA oblige companies, including but not limited to providers of public electronic communications networks, to notify the Data Protection Authority in case of a data security breach (a security breach which has negative consequences for personal data processed by the provider). In certain circumstances, persons involved will need to be informed as well. Non-compliance with the these obligations can lead to a fine.

On January 5, 2012, European Directory Assistance ("**EDA**"), a Belgian operator of directory services, lodged dispute resolution proceedings before ACM asserting rights to access our fixed-line telephony customer database for the purpose of setting up a pan-European directory service. In these proceedings ACM requested the Dutch Data Protection Authority to address the question whether the permission that was granted to us by our customers was sufficient to cover the inclusion of their address details in foreign directory services. On October 24, 2012, the Dutch Data Protection Authority concluded that the permission provided by our customers does not include foreign directory services. As a result, ACM had to decide whether we have an obligation to provide EDA access to our customer base and whether we need to request permission from our customers to include them in foreign directory services. On June 5, 2013, the ACM concluded that we are obliged to provide subscriber information to EDA. ACM indicated in its decision that the subscribers in question have to consent to providing their information to foreign directory services. We have appealed the decision of the ACM to the Dutch Supreme Administrative Court. The Dutch Supreme Administrative Court has asked preliminary questions to the European Court of Justice. The appeal is pending while these questions are being answered. The hearing with the European Court of Justice still needs to be scheduled. The end result may be that we have to request additional consent from the relevant subscribers, which would adversely impact our business and lead to additional costs.

Lawful Interception and Data Retention

Providers of public telecommunication networks and services can only make their networks and services available to the public if they have arranged their networks and services in such a manner that they can be wiretapped promptly. Providers of public telecommunication networks and services are obligated to cooperate fully in the execution of a lawfully given special tapping order or permission, in accordance with the technical and procedural requirements set forth on the basis of the DTA.

To the extent that the data is generated or processed, providers of public telecommunications networks and services must retain traffic and location data and the related data necessary to identify the client or user for the investigation, detection and prosecution of serious criminal offenses. Telephony data must be retained for a period of twelve months from the date of the communication, and internet data for a period of six months. A Dutch district court abolished the legislation that obliged providers to retain data in March 2015. Following this ruling, data is no longer retained solely for these purposes. However, investigative bodies can still request data we hold for operating purposes, such as billing and offering our services. Currently, new legislation for data retention is being drafted.

Net Neutrality

On January 1, 2013, certain provisions in the DTA with respect to net neutrality entered into force. These provisions regulate net neutrality by, among other things, prohibiting operators of public telecommunication networks through which internet access is provided as well as internet service providers from blocking or restricting services or applications which are accessed via the internet other than in circumstances set forth in the DTA.

In October 2015 the European Parliament adopted the new Regulation on the first EU-wide net neutrality regime. Following a lengthy legislative procedure the Regulation reflects a light-handed approach to net neutrality permitting the provision of specialized services optimized for specific content and approving reasonable traffic management. The Regulation is directly applicable in all Member States from April 30, 2016 but there is a transitory period for the Netherlands until December 31, 2016 to align provisions in the DTA with respect to net neutrality with the Regulation for which legislation was proposed also granting ACM authority to enforce the Regulation.

Roaming

The October 2015 Regulation also abolishes roaming charges from June 2017 and provides for a transitional period beginning in April 2016.

Radio and Television Transmission

The distribution of must-carry television services to the public is regulated by the DMA, entailing obligations regarding the transmission of specified radio and television broadcast channels. On January 1, 2014, the revised DMA with respect to the "must carry" obligation entered into force. The revised DMA provides that the "must carry" obligation will not only apply to cable operators as was the case over the last years, but will apply to all providers of analog and digital program packages based on the principle of technology neutrality. Providers of digital program packages with 100,000 or more subscribers are subject to the obligation to provide at least 30 television channels. The revised DMA stipulates that the digital program package should include as a "must carry" obligation the three Dutch television public broadcasting channels, the three Belgian (Dutch language) public television broadcasting channels, a limited amount of regional and local television broadcasting channels and a number of digital radio broadcasting channels. In addition, for all providers of analog program packages with 100,000 or more subscribers, the obligation is included to provide at least 15 television channels. Analog program packages should at least include as a "must carry" obligation the three Dutch television public broadcasting channels, two Belgian (Dutch language) public television broadcasting channels, a limited amount of regional and local television broadcasting channels and some analog radio broadcasting channels. The so- called 'programme councils' have been abolished as from January 1, 2014. The Dutch Media Authority can grant a (conditional) exemption from the obligations if the "must carry" obligations listed above give rise to disproportionate costs for the network operator, an impediment to innovation or other unreasonable outcomes. There is no regulated financing mechanism in place between network operators and broadcasters. Commercial and public program providers must negotiate with network operators regarding transmission fees.

Mobile Telecommunication Services

In May 2010, we acquired licenses for the use of 2.6 GHz spectrum, totalling 2×20 MHz. These licenses are regulated by the DTA. The licenses contain roll-out obligations. Accordingly, we must provide, per license, a public communication service with a geographical coverage of at least 80 square km within two years after obtaining the license (i.e., as of May 11, 2012), and within five years (i.e., as of May 11, 2015) a geographical coverage extending at least 800 square km in the Netherlands. We have fulfilled both the first and second roll-out condition, with the latter means providing a service with a geographical coverage extending to at least 800 square km.

Interference by Mobile Telecommunication Services. The 800 MHz mobile frequencies which were auctioned in 2012 are known to interfere with signals using the same frequencies in home networks and customer devices, such as televisions. Under pressure from the Ministry of Economic Affairs, a covenant was signed by both cable operators and mobile operators. This covenant specifies that the mobile operators can be liable for damages and could restrict use of certain services by cable operators in the 800 MHz band.

Property Rules Regarding the Networks. In accordance with the Dutch Civil Code, all public fixed-line electronic communication networks are the legal property of the rightful constructer of the network or its legal successor, and not the owner of the ground in which the network resides. Registration at the Land Registry (*het Kadaster*) is required for the transfer of legal ownership and/or to encumber public networks, for example by a right of mortgage. Registration is also required to enjoy statutory protection against title claims of third parties. We have currently registered a substantial majority of our HCF network at the Land Registry.

Conditions Applied in Connection with Ziggo Acquisition

In connection with the completion of the Ziggo Acquisition, we obtained regulatory clearance from the European Commission on October 10, 2014, with the following commitments:

- Liberty Global's commitment to divest its *Film1* channels to a third party and for our company to carry *Film1* on our network for a period of three years. Accordingly, on July 21, 2015, Liberty Global sold its *Film1* channels to Sony Pictures Television Networks. Under the terms of the agreement, all five *Film1* channels will continue to be carried on our network for a period of at least three years; and
- an eight-year commitment with respect to our network (i) not to enforce certain clauses currently contained in carriage agreements with broadcasters that restrict the ability of broadcasters to offer their channels and content via over-the-top services, (ii) not to enter into carriage agreements containing such clauses and (iii) to maintain adequate interconnection capacity through at least three uncongested routes into our network, at least one of which must be with a large transit provider.

In July 2015, the Dutch incumbent telecommunications operator filed an appeal against the European Commission regarding its decision to approve the Ziggo Acquisition. We are not a party to the appeal, and we do not expect that the filing of this appeal will have any impact on the ongoing integration and development of our operations.

Other

In addition to the foregoing items, we have contingent liabilities related to (i) legal proceedings, (ii) wage, property, sales and other tax issues, (iii) disputes over interconnection fees and (iv) other matters arising in the ordinary course of business. We expect that the amounts, if any, which may be required to satisfy these contingencies will not be material in relation to our financial condition or results of operations.

Legal Proceedings

From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. We believe the ultimate resolution of any of these existing contingencies would not likely have a material adverse effect on our business, results of operations, financial condition or liquidity.

Employees

As of December 31, 2015, we, including our consolidated subsidiaries, have an aggregate of approximately 4,600 full-time equivalent employees, certain of whom belong to organized unions and works councils. Certain of our subsidiaries also use contract and temporary employees, which are not included in this number, for various projects. We believe that our employee relations are good. During 2014, renegotiations of a collective labor agreement took place between several labor unions in the Netherlands and the employers' organization, *Werkgeversvereniging Energie en Nutsbedrijven*, of which we are a member. The new collective labor agreement covers the period from April 1, 2014 to April 1, 2016 and applies to approximately 99% of our employees (including non-union employees). It provided for, among other things, for a salary increase of 1.0% as of April 1, 2015 and an additional 1.0% as of October 1, 2015.

MANAGEMENT AND GOVERNANCE

Supervisory Directors

Ziggo Group Holding is managed by its Managing Directors, as described below. Responsibilities for operations are delegated to members of senior management. In addition, Ziggo Group Holding has a supervisory board which has five (5) members. The current members of the Supervisory Board are:

- **Diederik Karsten** was appointed Executive Vice President, European Broadband Operations, of Liberty Global in January 2012 and served in that role until August 2015, when he assumed the position of Executive Vice President and Chief Commercial Officer of Liberty Global. During 2011, Mr. Karsten served as Managing Director, European Broadband Operations, of Liberty Global. Mr. Karsten served as Managing Director, Ziggo Services and its predecessors, from July 2004 to December 2010, where he was responsible for Liberty Global's broadband operations in the Netherlands. Prior to joining a predecessor of Liberty Global Europe, he served as Chief Executive Officer of KPN Mobile, overseeing mobile telephony operations in the Netherlands, Germany, Belgium and other countries. Mr. Karsten is a director of Telenet N.V.
- **Graham King** was appointed a Supervisory Board member on September 28, 2015. He succeeded Ritchy Drost, who became Chief Financial Officer of Ziggo. Mr. King is Senior Commercial Counsel, Europe and Managing Attorney of the Legal Department of Liberty Global at its executive offices in Schiphol-Rijk, the Netherlands since 2012. He has been working for the Liberty Global group for more than 12 years, previously in his role as Senior Corporate Counsel, handling all commercial contracts in close co-operation with the procurement and technology teams. He is a Master of Law (LLM Bristol University) and Business (MBA Erasmus University Rotterdam). Prior to joining Liberty Global, he worked as a finance lawyer in private practice for three firms, including Clifford Chance, and in industry for KPN Qwest as Vice President of Legal.
- **James Ryan** was appointed Senior Vice President, Chief Strategy Officer, of Liberty Global in January 2012. Mr. Ryan served as Managing Director, Strategy and Corporate Development for Liberty Global Europe from May 2000 to January 2012. Mr. Ryan is responsible for Liberty Global's global strategy and strategic planning across all regions. Prior to joining Liberty Global Europe, Mr. Ryan spent over 10 years with investment companies, including five years at the European Bank for Reconstruction and Development where he focused on investments in emerging central European countries. Mr. Ryan is a director of Telenet N.V. and Canal+ Cyfrowy Sp zo.o.
- **Rob Ruijter** served on the supervisory board for Ziggo Holding prior to the Ziggo Acquisition. In addition, he previously held financial executive board positions at Philips Lighting, Baan, KLM, VNU and ASM International. From April 2013 to January 2014 he was Chief Executive Officer of VION N.V. He currently holds an advisory role at Verdonck Klooster & Associates, is a supervisory board member at Unit 4 N.V. and Wavin N.V. and is an advisor to the boards and shareholder of Vion N.V.
- **Huub Willems** is the Deputy Justice with the Court of Appeal in Amsterdam (Enterprise Division). He is also an endowed professor in Corporate Litigation Faculty of Law at the University of Groningen, the deputy chairman of the regional disciplinary tribunal for health care (Groningen), deputy judge of the court in Amsterdam, member of the board of advice at Capital Port B.V., member of the board of advice at the Van der Heijden Instituut (centre of expertise for corporate law), member of the board at the Vereeniging "Handelsrecht" (foundation for commercial law), member of the board of the Stichting Grotius Academie, and member of board at the Vereniging Corporate Litigation. Prior to becoming a Deputy Justice, Mr. Willems served as a Vice President and Justice with the Court of Appeal in Amsterdam.

Messrs Karsten, King and Ryan have been identified by Liberty Global and Messrs Ruijter and Huub Willems are independent members ("**Independent Members**"). Mr. Willems has been appointed on the basis of a reinforced right of recommendation of the works council. The Independent Members have several specific rights as laid down in the merger protocol concluded between Ziggo Holding and Liberty Global.

The supervisory board advises and supervises the managing board of Ziggo Holding. The articles of association of Ziggo Holding require certain transactions to be approved by the supervisory board. Failure to obtain these approvals however, do not affect the authority of the Management Board or the members of the Management Board to represent Ziggo Holding.

Management of Ziggo Group Holding

The Managing Directors of Ziggo Group Holding are responsible for the day-to-day management of the business. These Managing Directors are appointed at a shareholders' meeting for each entity. They may also be removed at the applicable shareholders' meeting. The Managing Directors are responsible for, among other things, the overall supervision and administration of the business activities, the appointment and removal of executive officers, the review of financial statements and the approval of budgets for Ziggo Group Holding and its affiliates.

The current Managing Directors are Baptiest Coopmans and Ritchy Drost. Below is a brief biographical summary of the business experience of the Managing Directors of Ziggo Group Holding.

- **Baptiest Coopmans** was appointed Managing Director of UPC Nederland Holding in June 2013 and in November 2014 also became the Chief Executive Officer and member of the Management Board of the Ziggo Holding. In September 2015 has was appointed Chief Executive Officer and member of the Management Board of Ziggo Group Holding. Mr. Coopmans has extensive experience in a range of international management roles, from which he has built a comprehensive background in the telecommunications and consumer markets. He has served in various senior management positions with international companies, including as a member of the Board of Management at KPN from 2006 to 2012. While at KPN, he served in other roles, including Managing Director of KPN Netherlands and Managing Director of KPN Consumer Markets. Prior to 2006, he held commercial management positions at Unilever N.V.
- **Ritchy Drost** was appointed Chief Financial Officer and member of the Managerment Board of Ziggo Group Holding, in September 2015, succeeding Bert Groenewegen. Ritchy Drost was appointed Chief Financial Officer, European Broadband Operations, of Liberty Global in January 2012. Mr. Drost served as Managing Director and Chief Financial Officer of Ziggo Services and its predecessors, from January 2006 to January 2012. Prior to that, he held various management positions after joining a predecessor of Liberty Global Europe in November 1999. Previously he was with Arthur Andersen LLP in their assurance practice.

The business address of each of the Managing Directors named above is Atoomweg 100, 3542 AB Utrecht, The Netherlands.

PRINCIPAL SHAREHOLDERS

Ziggo Group Holding is indirectly wholly-owned by Liberty Global. Liberty Global is the largest international cable company with operations in 14 countries. Its market-leading products are provided through next-generation networks and innovative technology platforms that connected 27 million customers subscribing to 57 million television, broadband internet and telephony services as of December 31, 2015. In addition, Liberty Global served five million mobile subscribers and offered WiFi services across six million access points. Liberty Global's consumer brands are Virgin Media, Ziggo, Unitymedia, Telenet, UPC, VTR and Liberty.

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 consolidated financial statements, is intended to assist in providing an understanding of our results of operations and financial condition and is organized as follows:

- *Forward-Looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events and includes pro forma statistical data that gives effect to the Ziggo Acquisition.
- *Results of Operations.* This section provides an analysis of (i) our results of operations for the year ended December 31, 2015 and our pro forma results of operations for the year ended December 31, 2014 and (ii) our results of operations for the years ended December 31, 2014 and 2013.
- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity and consolidated statements of cash flows and contractual commitments.
- *Critical Accounting Policies, Judgments and Estimates.* This section discusses those material accounting policies that contain uncertainties and require significant judgment in their application.

The capitalized terms used below have been defined in the notes to our consolidated financial statements. In the following text, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Ziggo Group Holding (or its predecessor) or collectively to Ziggo Group Holding (or its predecessor) and its subsidiaries after giving effect to the common control transfers as described in note 1 to our consolidated financial statements.

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

Overview

We are a subsidiary of Liberty Global that provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands.

We completed the Ziggo Acquisition on November 11, 2014. This acquisition impacts the comparability of our 2015 and 2014 results of operations. For further information regarding the Ziggo Acquisition, see note 4 to our consolidated financial statements.

As further described in notes 1 and 5 to our consolidated financial statements, we completed the HoldCo VI Transfer in November 2014 and the Ziggo Services Transfer in March 2015 and have accounted for these transfers as transactions between entities under common control. Accordingly, we have reflected these transfers at carryover basis, and our consolidated financial statements have been retrospectively revised to give effect to these transfers for all periods in which (i) Ziggo Group Holding, (ii) UPC Nederland Holding and each of its subsidiaries and (iii) HoldCo VI and each of its subsidiaries were under the common control of Liberty Global. After giving effect to the Ziggo Services Transfer and the HoldCo VI Transfer, Ziggo Services is included in our consolidated financial statements for all periods presented and Ziggo Holding is included in our consolidated financial statements on and after the Ziggo Acquisition Date.

As of April 2015, "**Horizon TV**" is available across our entire footprint. Horizon TV is a family of media products that allows customers to view and share content across the television, computer, tablet and smartphone. Horizon TV is powered by a user interface that provides customers a seamless intuitive way to access linear, time-shifted, on-demand and web-based content on the television. It also features an advanced set-top box that delivers not only video, but also internet and voice connections along with a wireless network for the home. For our Horizon TV customers, we also offer applications for various services. In addition, we have launched our subscriber-video-on-demand offering, which we refer to as "**MyPrime**". MyPrime is a subscription-based on-demand video library that allows customers to choose from several thousand classic films, children's programs, series and documentaries. We intend to continue to improve the Horizon TV user experience with new functionality and software updates.

Our basic digital television channels are unencrypted, which allows subscribers who have the necessary equipment and who pay the monthly subscription fee for our analog package to watch our basic digital television channels. Expanded channel packages and premium channels and services continue to be available for an incremental monthly fee in our market. We generally expect unencryption of our networks to result in a positive impact on our subscriber disconnect levels and a somewhat negative impact on demand for lower tiers of digital cable services.

Our residential broadband internet services subscribers generally access the internet at various download speeds of up to 200 Mbps, depending on network capability and the tier of service selected. We determine pricing for each tier of broadband internet service through analysis of speed, market conditions and other factors.

We offer fixed-line telephony services to all of our broadband communications subscribers, primarily using voice-over-internet-protocol or "**VoIP**" technology. In addition, we offer mobile services with 4G speeds using a third-party network.

From a strategic perspective, we are seeking to build broadband communications and mobile businesses that have strong prospects for future growth in revenue and operating cash flow.

We strive to achieve organic revenue and customer growth in our operations by developing and marketing bundled entertainment and information and communications services, and extending and upgrading the quality of our networks where appropriate. As we use the term, organic growth excludes the estimated impact of the Ziggo Acquisition. 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, fixed-line telephony and mobile services with existing customers through product bundling and upselling.

At December 31, 2015, we owned and operated networks that passed 7,023,200 homes and served 9,728,200 revenue generating units (**RGUs**), consisting of 4,088,500 video subscribers (including 3,320,500 enhanced video subscribers), 3,101,400 broadband internet subscribers and 2,538,300 fixed-line telephony subscribers. In addition, at December 31, 2015, we served 186,800 mobile subscribers.

We lost a total of 203,200 RGUs on an organic basis during 2015, as compared to 31,100 RGUs that we added organically on a pro forma basis (as described in *Results of Operations – 2015 compared to pro forma 2014* below) during 2014. The organic RGU decline during 2015 is attributable to the net effect of (i) a decrease of 134,100 basic video RGUs, (ii) a decrease of 66,800 enhanced video RGUs, (iii) a decrease of 37,700 fixed-line telephony RGUs and (iv) an increase of 35,400 broadband internet RGUs.

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

We are experiencing significant competition from (i) an incumbent telecommunications operator that is overbuilding our networks with fiber-to-the-home, -cabinet, -building or -node and advanced digital subscriber line technologies (**DSL**), (ii) direct-to-home operators and/or (iii) other providers. This significant competition, together with the maturation of our market, contributed to declines in our RGUs and pro forma declines in our revenue during the fourth quarter of 2015, as described below:

(i) pro forma declines in cable subscription and overall revenue during the fourth quarter of 2015, as compared to the fourth quarter of 2014; and

(ii) organic declines during the fourth quarter of 2015 in (a) video RGUs, (b) fixed-line telephony RGUs and (c) our total RGUs.

In addition to competition, our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S. and several European countries, combined with weak growth and high unemployment, could potentially lead to fiscal reforms (including austerity measures), tax increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company. Given our significant exposure to the euro, the occurrence of any of these events within the eurozone countries could have an adverse impact on, among other matters, our liquidity and cash flows. In addition, the United Kingdom government has announced its intention to hold a referendum in relation to its membership in the European Union. We are currently unable to predict the potential impact, if any, that the outcome of this referendum may have on customer behavior, economic conditions, interest rates, currency exchange rates or other matters.

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

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.

Results of Operations

This section provides an analysis of (i) our results of operations for the year ended December 31, 2015 as compared to our pro forma results of operations for the year ended December 31, 2014 and (ii) our results of operations for the year ended December 31, 2014, as compared to our results of operations for the year ended December 31, 2013. As further explained in notes 1 and 5 to our consolidated financial statements, the operating results of Ziggo Holding are not included in our consolidated statements of operations prior to the Ziggo Acquisition Date.

2015 compared to pro forma 2014

In order to provide meaningful comparisons, our results of operations data for the year ended December 31, 2014 has been adjusted to give effect to the pro forma adjustments as of January 1, 2014 relating to (i) the inclusion of the historical operating results of Ziggo Holding, (ii) third-party acquisition-related financings that occurred during February and November of 2014, (iii) the new basis of accounting resulting from the Ziggo Acquisition and (iv) the impact of conforming one of Ziggo Holding's accounting policies to the corresponding Liberty Global accounting policy followed by Ziggo Group Holding. No interest expense on the Liberty Global Broadband Note is reflected in our 2014 pro forma results prior to their November 2014 issuance date. The pro forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on January 1, 2014. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

Financial Performance

Results for 2015, as compared to the pro forma results during 2014, are set forth below (in millions):

	Year ended December 31, 2015	Year ended December 31, 2014 pro forma
Revenue	€ 2,472.7	€ 2,534.8
Operating costs and expenses:		
Operating (other than depreciation and amortization) (including share-based compensation)	760.5	774.9
SG&A (including share-based compensation)	349.7	370.8
Related-party fees and allocations	152.4	166.2
Depreciation and amortization	1,037.5	941.6
Impairment, restructuring and other operating items, net	63.8	82.9
	2,363.9	2,336.4
Operating income	108.8	198.4
Non-operating income (expense):		
Interest expense:		
Third-party	(309.4)	(179.8)
Related-party	(222.9)	(146.5)
Interest income – related-party	16.3	132.9
Realized and unrealized gains (losses) on derivative instruments, net	211.1	(170.5)
Foreign currency transaction losses, net	(230.6)	(246.0)
Losses on debt modification and extinguishment, net	(0.9)	(64.0)
Other income (expense), net	(15.8)	1.3
	(552.2)	(672.6)
Loss before income taxes	(443.4)	(474.2)
Income tax benefit	124.0	125.7
Net loss	(319.4)	(348.5)
Net loss attributable to noncontrolling interests	—	3.9
Net loss attributable to parent	€ (319.4)	€ (344.6)

General

Our revenue is earned in the Netherlands and is subject to applicable VAT. 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.

We pay interconnect fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our network or networks that we access through our MVNO arrangement. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnect fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would experience prospective changes in our interconnect revenue and costs. The ultimate impact of any such changes in termination rates on our adjusted operating income before depreciation and amortization (**Segment OCF**) would be dependent on the call or text messaging patterns that are subject to the changed termination rates. Segment OCF is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration.

Revenue

We earn revenue from (i) subscribers to our broadband communications and mobile services and (ii) B2B services, interconnect fees, channel carriage fees, installation fees and late fees. Consistent with the presentation of our revenue categories in note 15 to our consolidated financial statements, we use the term "subscription revenue" in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees and late fees. In the below tables, mobile subscription revenue excludes the related interconnect revenue.

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of RGUs or mobile subscribers outstanding during the period and (ii) changes in average monthly subscription revenue per average RGU (**ARPU**). Changes in ARPU can be attributable to (a) price increases, (b) changes in bundling or promotional discounts, (c) changes in the tier of services selected, (d) variances in subscriber usage patterns and (e) the overall mix of cable and mobile products within a segment during the period. In the following discussion, we provide the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products.

Our revenue by major category is set forth below (in millions):

	Year ended December 31,		Increase (decrease)	
	2015	2014 pro forma	€	%
Subscription revenue (a):				
Video	€ 1,065.9	€ 1,108.0	€ (42.1)	(3.8)
Broadband internet	703.7	684.2	19.5	2.9
Fixed-line telephony	474.0	484.8	(10.8)	(2.2)
Cable subscription revenue	2,243.6	2,277.0	(33.4)	(1.5)
Mobile (b)	28.1	14.0	14.1	N.M.
Total subscription revenue	2,271.7	2,291.0	(19.3)	(0.8)
B2B revenue (c)	162.8	166.4	(3.6)	(2.2)
Other revenue (b) (d)	38.2	77.4	(39.2)	N.M.
Total	€ 2,472.7	€ 2,534.8	€ (62.1)	(2.4)

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

(b) Mobile subscription revenue excludes mobile interconnect revenue of €2.9 million and €1.6 million during 2015 and 2014, respectively. Mobile interconnect revenue is included in other revenue.

(c) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in cable subscription revenue, aggregated €76.6 million and €66.4 million during 2015 and 2014, respectively.

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

N.M. — Not Meaningful

The details of our revenue decrease during 2015, as compared to our results during 2014, are set forth below:

	Subscription revenue		Non-subscription revenue		Total	
			in millions			
Pro forma decrease in cable subscription revenue due to change in:						
Average number of RGUs (a)	€	(27.4)	€	—	€	(27.4)
ARPU (b)		(6.0)		—		(6.0)
Total pro forma decrease in cable subscription revenue		(33.4)		—		(33.4)
Pro forma increase in mobile subscription revenue (c)		14.1		—		14.1
Total pro forma decrease in subscription revenue		(19.3)		—		(19.3)
Pro forma decrease in B2B revenue		—		(3.6)		(3.6)
Pro forma decrease in other revenue (d)		—		(39.2)		(39.2)
Total pro forma decrease	€	(19.3)	€	(42.8)	€	(62.1)

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

(b) The decrease in cable subscription revenue related to a change in ARPU is attributable to the net effect of (i) a net decrease due to (a) lower ARPU from video and fixed-line telephony services and (b) higher ARPU from broadband internet services and (ii) an improvement in RGU mix.

(c) The increase in mobile subscription revenue is primarily due to an increase in the average number of mobile subscribers.

(d) The decrease in other revenue is primarily due to (i) a decrease in revenue of €20.3 million resulting from the termination of a partner network agreement shortly after the Ziggo Acquisition, (ii) a decrease in installation revenue and (iii) lower revenue from set-top box sales due to the fact that we stopped selling set-top boxes during the first quarter of 2015.

Operating expenses

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

Our operating expenses decreased €14.4 million or 1.9% during 2015, as compared to our results during 2014. Our operating expenses include share-based compensation expense, which decreased €0.3 million during 2015. Excluding the effects of share-based compensation expense, our operating expenses decreased €14.1 million or 1.8%. This decrease includes the following factors:

- A decrease in other direct costs of €29.3 million primarily due to (i) lower costs from set-top box sales due to the fact that we stopped selling set-top boxes during the first quarter of 2015, (ii) lower promotions involving free devices and (iii) lower costs due to the termination of a partner network agreement shortly after the Ziggo Acquisition;

- An increase in programming and copyright costs of €14.7 million or 5.2%, primarily due to higher costs for certain premium and basic content;

- An increase in outsourced labor and professional fees of €12.7 million or 23.9%, primarily due to higher call center costs. The higher call center costs represent third-party costs that are primarily related to network and product harmonization activities following the Ziggo Acquisition. These costs, together with certain other third-party customer care costs, accounted for an increase of €12.3 million;

- A decrease in personnel costs of €11.4 million or 6.8%, primarily due to (i) decreased costs related to higher proportions of capitalizable activities and (ii) decreased staffing levels;

- A decrease in mobile access and interconnect costs of €6.8 million or 5.9%, primarily due to the net effect of (i) lower fixed-line telephony call volumes and (ii) increased costs attributable to higher mobile subscriber growth; and

- An increase in network-related expenses of €2.7 million or 3.6%, primarily due to the net effect of (i) an increase in network and customer premises equipment maintenance costs, (ii) an increase in third-party costs incurred of €2.0 million related to network harmonization activities following the Ziggo Acquisition and (iii) lower energy costs.

SG&A expenses

General. SG&A expenses include human resources, information technology, general services, management, finance, legal and sales and marketing costs, share-based compensation and other general expenses. As noted under *Operating expenses* above, we are subject to inflationary pressures with respect to our labor and other costs.

Our SG&A expenses decreased €21.1 million or 5.7% during 2015, as compared to our results during 2014. Our SG&A expenses include share-based compensation expense, which decreased €1.4 million during 2015. Excluding the effects of share-based compensation expense, our SG&A expenses decreased €19.7 million or 5.4%. This decrease includes the following factors:

- A decrease in personnel costs of €18.7 million or 11.1%, primarily due to the net effect of (i) decreased staffing levels, (ii) lower incentive compensation costs, (iii) higher temporary personnel costs associated with the need to fill internal vacancies following staffing level reductions related to the Ziggo Acquisition and (iv) higher costs due to a lower proportion of capitalizable activities;

- A decrease in outsourced labor and professional fees of €2.2 million or 9.2%, primarily due to the net effect of (i) decreased costs related to legal and certain other professional services and (ii) increased consulting costs related to integration activities during 2015 of €4.7 million;

- An increase in information technology-related expenses of €1.3 million or 6.0% due to higher software and other information technology-related maintenance costs; and

- A decrease in sales and marketing costs of €0.3 million or 0.2%, primarily due to the net effect of (i) lower marketing costs associated with cost containing initiatives implemented during the second half of 2015, (ii) higher costs associated with advertising campaigns and (iii) an increase of €3.6 million related to rebranding activities following the Ziggo Acquisition.

Related-party fees and allocations

We recorded related-party fees and allocations of €152.4 million during 2015, as compared to €166.2 million during 2014. These amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries and include charges for management, finance, legal, technology, marketing and other services that support our company's operations, including, during 2014, the use of the UPC trademark. For additional information, see note 12 to our consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased €95.9 million or 10.2% during 2015, as compared to 2014. This increase is primarily due to the acceleration of depreciation on certain assets of Ziggo Holding that were acquired in connection with the Ziggo Acquisition.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of €63.8 million and €82.9 million during 2015 and 2014, respectively. The 2015 amount primarily relates to (i) restructuring charges of €56.5 million that primarily comprises employee severance and termination costs related to certain reorganization activities following the Ziggo Acquisition and (ii) impairment charges of €5.1 million, primarily related to intangible assets acquired in the Ziggo Acquisition. The 2014 amount primarily relates to (a) impairment charges of €69.5 million related to certain tangible assets and (b) restructuring charges of €18.4 million related to certain reorganization activities in anticipation of the Ziggo Acquisition.

We expect to record further restructuring charges during 2016, due primarily to ongoing reorganization activities following the Ziggo Acquisition.

If, among other factors, (i) our enterprise value or Liberty Global's equity values were to decline significantly or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other long-lived assets. Any such impairment charges could be significant. For additional information, see *Critical Accounting Policies, Judgments and Estimates — Impairment of Property and Equipment and Intangible Assets*, below.

Interest expense – third-party

Our third-party interest expense increased €129.6 million or 72.1% during 2015, as compared to 2014. This increase is primarily due to the issuance of the Ziggo SPE Notes in January and February of 2015. For additional information regarding our third-party debt, see note 10 to our consolidated financial statements.

Interest expense – related-party

Our related-party interest expense increased €76.4 million or 52.2% during 2015, as compared to 2014. This increase is primarily due to the issuance of (i) the Liberty Global Broadband Note in November 2014 and (ii) the Liberty Global Europe Note in July 2015. For additional information regarding our related-party debt, see note 10 to our consolidated financial statements.

Interest income – related-party

Our related-party interest income decreased €116.6 million during 2015, as compared to 2014. This decrease is due to the settlements of the UPC Western Europe Loan Receivable and the UPC Broadband Loan Receivable during the first quarter of 2015. For additional information regarding our related-party loans receivable, see note 12 to our 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 (in millions):

	Year ended December 31,	
	2015	**2014**
		pro forma
Cross-currency and interest rate derivative contracts (a)	€ 218.1	€ (182.5)
Foreign currency forward contracts	(7.0)	12.0
Total	€ 211.1	€ (170.5)

(a) The gain during 2015 is primarily attributable to the net effect of (i) gains associated with a decrease in the value of the euro relative to the U.S. dollar, (ii) gains associated with increases in market interest rates in the euro market and (iii) losses associated with increases in market interest rates in the U.S. dollar market. In addition, the gain during 2015 includes a net gain of $1.4 million resulting from changes in our credit risk valuation adjustments. The loss during 2014 is primarily attributable to the net effect of (a) losses associated with decreases in market interest rates in the euro market and (b) gains associated with a decrease in the value of the euro relative to the U.S. dollar.

Foreign currency transaction losses, net

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

	Year ended December 31, 2015	2014 pro forma
U.S. dollar denominated debt issued by euro functional currency entities	€ (234.3)	€ (248.3)
Other	3.7	2.3
Total	€ (230.6)	€ (246.0)

Losses on debt modification and extinguishment, net

We recognized losses on debt modification and extinguishment, net, of €0.9 million and €64.0 million during 2015 and 2014, respectively. The loss during 2014 is related to a refinancing transaction that was completed during the first quarter of 2014 in anticipation of the Ziggo Acquisition.

Income tax benefit

We recognized income tax benefits of €124.0 million and €125.7 million during 2015 and 2014, respectively.

The income tax benefits during 2015 and 2014 differ from the expected income tax benefits (based on the Dutch income tax rate of 25.0%) of €110.9 million and €118.6 million, respectively, primarily due to the tax benefits associated with technology innovation.

For additional information regarding our income taxes, see note 11 to our consolidated financial statements.

Net loss

During 2015 and 2014, we reported net losses of €319.4 million and €348.5 million, respectively, including (i) operating income of €108.8 million and €198.4 million, respectively, (ii) net non-operating losses of €552.2 million and €672.6 million, respectively, and (iii) income tax benefits of €124.0 million and €125.7 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 are subject to a high degree of volatility and, as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from operations is largely dependent on our ability to increase our aggregate Segment OCF to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) related-party fees and allocations, (c) depreciation and amortization, (d) impairment, restructuring and other operating items, net, (e) interest expense, (f) other net non-operating expenses and (g) income tax expenses.

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will continue to cause our company to maintain our debt at current levels relative to our Covenant EBITDA. As a result, 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 our operating results in future periods, see the discussion under *Overview* above.

2014 compared to 2013

Revenue

Our revenue by major category is set forth below:

	Year ended December 31,		Increase		Organic increase (decrease)
	2014 (a)	2013	€	%	%
	in millions				
Subscription revenue (b):					
Video	€ 550.1	€ 459.2	€ 90.9	19.8	0.9
Broadband internet	266.9	221.3	45.6	20.6	(9.9)
Fixed-line telephony	221.2	169.1	52.1	30.8	6.9
Cable subscription revenue	1,038.2	849.6	188.6	22.2	(0.7)
Mobile subscription revenue	2.8	0.3	2.5	N.M.	(33.3)
Total subscription revenue	1,041.0	849.9	191.1	22.5	(0.7)
B2B revenue (c)	71.8	58.7	13.1	22.3	(2.9)
Other revenue (d)	30.1	26.7	3.4	12.7	(15.0)
Total	€ 1,142.9	€ 935.3	€ 207.6	22.2	(1.3)

(a) As retrospectively revised – see note 1 to our consolidated financial statements. The amounts presented include the post-acquisition revenue of Ziggo Holding from November 12, 2014 through December 31, 2014.

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

(c) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €31.6 million and €17.7 million during 2014 and 2013, respectively, is included in cable subscription revenue. On an organic basis, our total B2B revenue, including revenue from SOHO subscribers, increased 16.0% during 2014 as compared to 2013.

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

N.M. — Not Meaningful

The details of our revenue increase during 2014, as compared to 2013, include (i) an organic decrease of €12.3 million or 1.3% and (ii) the impact of the Ziggo Acquisition, as set forth below:

	Subscription revenue (a)	Non-subscription revenue (a)	Total (a)
		in millions	
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (b)	€ 1.2	€ —	€ 1.2
ARPU (c)	(4.8)	—	(4.8)
Total decrease in cable subscription revenue	(3.6)	—	(3.6)
Decrease in mobile subscription revenue	(0.1)	—	(0.1)
Total decrease in subscription revenue	(3.7)	—	(3.7)
Decrease in B2B revenue	—	(1.7)	(1.7)
Decrease in other revenue (d)	—	(6.9)	(6.9)
Total organic decrease	(3.7)	(8.6)	(12.3)
Impact of the Ziggo Acquisition	194.8	25.1	219.9
Total	€ 191.1	€ 16.5	€ 207.6

(a) As retrospectively revised – see note 1 to our consolidated financial statements.

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

(c) The decrease in cable subscription revenue related to a change in ARPU is attributable to the net effect of (i) a net decrease due to (a) lower ARPU from broadband internet services and (b) higher ARPU from video and fixed-line telephony services and (ii) an improvement in RGU mix.

(d) The decrease in other revenue is primarily due to lower installation revenue.

Operating expenses

Our operating expenses increased €55.9 million or 19.7% during 2014, as compared to 2013. This increase includes €73.2 million attributable to the impact of the Ziggo Acquisition. Our operating expenses include share-based compensation expense, which increased €0.1 million. Excluding the effects of the Ziggo Acquisition and share-based compensation expense, our operating expenses decreased €17.4 million or 6.1%. This decrease includes the following factors:

- A decrease in interconnect costs of €7.4 million or 15.9%, primarily due to (i) lower rates and (ii) lower call volumes;
- A decrease in network-related expenses of €6.6 million or 18.4%, primarily due to (i) lower outsourced labor costs associated with customer-facing activities and (ii) decreased network and customer premises equipment maintenance costs;
- An increase in personnel costs of €6.4 million or 12.7%, primarily due to (i) increased costs related to a lower proportion of capitalizable activities, (ii) annual wage increases and (iii) higher incentive compensation costs;
- A decrease in programming and copyright costs of €2.1 million or 1.9%, primarily due to the net effect of (i) lower costs related to digital video services and (ii) a net increase of €1.0 million due to the impact of accrual releases associated with the reassessment of operational contingencies. The nonrecurring adjustments recorded during 2014 resulted in lower costs of (a) €1.0 million in the third quarter and (b) €1.7 million in the fourth quarter. During 2013, the aggregate impact of similar reassessments and settlements resulted in a net cost decrease of €3.7 million; and
- A decrease in outsourced labor and professional fees of €2.1 million or 11.0%, primarily due to lower call center costs.

SG&A expenses

Our SG&A expenses increased €45.2 million or 40.7% during 2014, as compared to 2013. This increase includes €30.8 million attributable to the impact of the Ziggo Acquisition. Our SG&A expenses include share-based compensation expense, which increased €4.2 million. Excluding the effects of the Ziggo Acquisition and share-based compensation expense, our SG&A expenses increased €10.2 million or 9.3%. This increase includes the following factors:

- An increase in personnel costs of €9.7 million or 17.3%, largely due to (i) higher incentive compensation costs, (ii) annual wage increases and (iii) increased staffing levels;
- An increase in sales and marketing costs of €4.5 million or 14.8%, primarily due to (i) higher costs associated with advertising campaigns and (ii) higher third-party sales commissions; and
- A decrease in outsourced labor and professional fees of €1.7 million or 30.2%, primarily due to lower consulting costs associated with certain strategic initiatives.

Related-party fees and allocations

We recorded related-party fees and allocations of €88.4 million during 2014 as compared to €84.3 million during 2013. Amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's operations, including the use of the UPC trademark. For additional information, see note 12 to our consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased €120.1 million or 68.2% during 2014, as compared to 2013. This increase is primarily due to the Ziggo Acquisition. In addition, the increase was impacted by the following factors: (i) an increase in property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives and (ii) a decrease associated with certain assets becoming fully depreciated.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of €127.5 million and €1.1 million during 2014 and 2013, respectively. The 2014 amount primarily relates to (i) direct acquisition costs of €64.2 million associated with the Ziggo Acquisition, (ii) an impairment charge of €56.8 million that was recorded during the fourth quarter of 2014 to reduce the carrying amount of certain internal-use software assets to zero as these assets are not used by our operations following the Ziggo Acquisition and (iii) €9.1 million of restructuring charges for employee severance and termination costs. The 2013 amount primarily relates to the net effect of (a) a €3.2 million restructuring charge, primarily associated with employee severance and termination costs related to certain reorganization activities, and (b) a €2.5 million gain on the disposal of fixed assets.

For additional information regarding the Ziggo Acquisition, see note 4 to our consolidated financial statements.

Interest expense – third-party

Our third-party interest expense increased €37.8 million during 2014, as compared to 2013. This increase is primarily due to a higher average outstanding debt balance associated with the completion of certain financing transactions in connection with the Ziggo Acquisition. For additional information regarding our third-party debt, see note 10 to our consolidated financial statements.

Interest expense – related-party

Our related-party interest expense increased €54.8 million or 59.8% during 2014, as compared to 2013. This increase is primarily due to the issuance of the Liberty Global Broadband Note in November 2014 in connection with the Ziggo Acquisition. For additional information regarding our related-party debt, see note 10 to our consolidated financial statements.

Interest income – related-party

Our related-party interest income increased €9.5 million or 7.7% during 2014, as compared to 2013, primarily due to a higher average outstanding balance and a higher weighted average interest rate. For additional information regarding our related-party loans receivable, see note 12 to our consolidated financial statements.

Dividend income

Our dividend income decreased €25.9 million during 2014, as compared to 2013, as Ziggo Holding did not declare any dividends following the January 2014 execution of the Merger Protocol. For additional information regarding our investment in Ziggo Holding shares, see note 6 to our consolidated financial statements.

Realized and unrealized gains on derivative instruments, net

During 2014, we recognized realized and unrealized gains on derivative instruments, net, of €26.2 million related to our cross-currency and interest rate derivative contracts. This gain is primarily attributable to the net effect of (a) gains associated with a decrease in the value of the euro relative to the U.S. dollar and (b) losses associated with increases in market interest rates in the euro market and (c) losses associated with decreases in market interest rates in the U.S. dollar market.

Unrealized gains due to changes in fair value of investment

We recognized unrealized gains due to changes in fair value of investment of €165.0 million and €167.2 million during 2014 and 2013, respectively, related to increases in the fair value of the Ziggo Holding shares prior to the Ziggo Acquisition. For additional information regarding our investments and fair value measurements, see notes 6 and 8 to our consolidated financial statements.

Foreign currency transaction losses, net

The details of our foreign currency transaction losses, net, are as follows:

	Year ended December 31,	
	2014 (a)	2013
	in millions	
U.S. dollar denominated debt issued by euro functional currency entities	€ (56.2)	€ —
Other	(0.8)	—
Total	€ (57.0)	€ —

(a) As retrospectively revised – see note 1 to our consolidated financial statements.

Income tax expense

We recognized income tax expense of €33.7 million and €77.6 million during 2014 and 2013, respectively.

The income tax expense during 2014 differs from the expected income tax expense of €51.4 million (based on the Dutch income tax rate of 25.0%) primarily due to the positive impact of certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries and affiliates. This positive impact was partially offset by the negative impact of certain permanent differences between the financial and tax accounting treatment of certain expenses.

The income tax expense during 2013 differs from the expected income tax expense of €123.6 million (based on the Dutch income tax rate of 25.0%) primarily due to the positive impact of certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries and affiliates.

For additional information regarding our income taxes, see note 11 to our consolidated financial statements.

Net earnings

During 2014 and 2013, we reported net earnings of €172.0 million and €416.8 million, respectively, including (i) operating income of €134.9 million and €279.0 million, respectively, (ii) net non-operating income of €70.8 million and €215.4 million, respectively, and (iii) income tax expense of €33.7 million and €77.6 million, respectively.

Liquidity and Capital Resources

Sources and Uses of Cash

As a holding company, Ziggo Group Holding's primary assets are its investments in consolidated subsidiaries. As further described in note 10 to our consolidated financial statements, the terms of the instruments governing the indebtedness of certain of these subsidiaries may restrict our ability to access the assets of these subsidiaries. The ability to access the liquidity of our subsidiaries may also be limited by tax and legal considerations and other factors. At December 31, 2015, substantially all of our €12.8 million of consolidated cash was held by our subsidiaries.

Liquidity of Ziggo Group Holding

Our sources of liquidity at the parent level include (i) funding from Liberty Global or other Liberty Global subsidiaries in the form of loans or contributions, as applicable, and (ii) subject to the restrictions noted above, proceeds in the form of distributions or loans from our subsidiaries. No assurance can be given that funding from Liberty Global Europe (and ultimately from Liberty Global subsidiaries or Liberty Global), our subsidiaries or external sources would be available on favorable terms, or at all.

Ziggo Group Holding's corporate liquidity requirements include corporate general and administrative expenses. From time to time, Ziggo Group Holding may also require cash in connection with (i) the repayment of its related-party debt, (ii) the funding of loans or distributions to Liberty Global Europe (and ultimately to Liberty Global or other Liberty Global subsidiaries), (iii) the satisfaction of contingent liabilities, (iv) acquisitions and other investment opportunities or (v) income tax payments.

Liquidity of our Subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of our operating subsidiaries are cash provided by operations and, in the case of Ziggo B.V. and certain of its subsidiaries, any borrowing availability under the Ziggo Revolving Facilities. For details of the borrowing availability under the Ziggo Revolving Facilities, see note 10 to our consolidated financial statements.

The liquidity of our operating subsidiaries generally is used to fund property and equipment additions, debt service requirements and other liquidity requirements that may arise from time to time. For additional information regarding our consolidated cash flows, see the discussion under *Consolidated Statements of Cash Flows* below. Our subsidiaries may also require funding in connection with (i) the repayment of amounts due under the third-party and related-party debt instruments of our subsidiaries, (ii) acquisitions and other investment opportunities, (iii) distributions or loans to Ziggo Group Holding (and ultimately to Liberty Global subsidiaries or Liberty Global) or (iv) the satisfaction of contingencies, including contingent obligations that could be triggered by the exercise of a written put option, as further described in note 7 to our consolidated financial statements.

Capitalization

At December 31, 2015, our outstanding consolidated third-party debt and capital lease obligations aggregated €7,374.3 million, including €115.9 million that is classified as current in our consolidated balance sheet and €7,258.0 million that is not due until 2020 or thereafter. For additional information regarding our current debt maturities, see note 10 to our consolidated financial statements.

When it is cost effective, we generally seek to match the denomination of the borrowings of our subsidiaries with the functional currency of the operations that are supporting the respective borrowings. As further discussed in note 7 to our consolidated financial statements, we also use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements and indentures is dependent primarily on our ability to maintain or increase our Covenant EBITDA and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in the various debt instruments of our subsidiaries. In this regard, if our Covenant EBITDA were to decline, we could be required to repay or limit our borrowings under the Ziggo Credit 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. We do not anticipate any instances of non-compliance with respect to any of our subsidiaries' debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

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

All of our consolidated debt and capital lease obligations at December 31, 2015 had been borrowed or incurred by our subsidiaries.

For additional information regarding our debt and capital lease obligations, see note 10 to our consolidated financial statements.

Consolidated Statements of Cash Flows

Consolidated Statements of Cash Flows – 2015 compared to 2014

Summary. The 2015 and 2014 consolidated statements of cash flows are summarized as follows:

	Year ended December 31, 2015	Year ended December 31, 2014 (a)	Change
		in millions	
Net cash provided by operating activities	€ 1,059.3	€ 572.7	€ 486.6
Net cash used by investing activities	(303.8)	(551.5)	247.7
Net cash provided (used) by financing activities	(771.4)	9.6	(781.0)
Effect of exchange rate changes on cash	(3.0)	—	(3.0)
Net increase (decrease) in cash	€ (18.9)	€ 30.8	€ (49.7)

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(a) As retrospectively revised – see note 1 to our consolidated financial statements.

Operating Activities. The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in the cash provided by our Segment OCF and related working capital changes, primarily due to the Ziggo Acquisition, (ii) a decrease in cash provided due to higher cash payments for interest and (iii) a decrease in cash provided due to higher cash payments related to derivative instruments.

Investing Activities. The decrease in net cash used by our investing activities is primarily attributable to the net effect of (i) a decrease in cash used of €465.0 million associated with lower advances to related parties and (ii) an increase in cash used of €195.3 million due to higher capital expenditures.

The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that our company has financed under vendor financing or capital lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered and as repayments of debt when the principal is repaid. In the following discussion, we refer to (i) our capital expenditures as reported in our consolidated statements of cash flows, which exclude amounts financed under vendor financing or capital lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under vendor financing or capital lease arrangements. For additional information, see notes 9 and 10 to our consolidated financial statements.

A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our consolidated statements of cash flows is set forth below:

	Year ended December 31,	
	2015	2014 (a)
	in millions	
Property and equipment additions	€ 483.8	€ 205.8
Assets acquired under capital-related vendor financing arrangements	(86.7)	(13.2)
Assets acquired under related-party capital leases	(2.8)	(3.5)
Changes in current liabilities related to capital expenditures	(8.1)	1.8
Capital expenditures	€ 386.2	€ 190.9

(a) As retrospectively revised – see note 1 to our consolidated financial statements.

The increase in our property and equipment additions is primarily attributable to the Ziggo Acquisition. During 2015 and 2014, our property and equipment additions represented 19.6% and 18.0% of our revenue, respectively.

We expect the percentage of revenue represented by our aggregate 2016 consolidated property and equipment additions to range from 20% to 22%. The actual amount of our 2016 consolidated property and equipment additions may vary from expected amounts for a variety of reasons, including (i) changes in (a) the competitive or regulatory environment, (b) business plans or (c) our current or expected future operating results and (ii) the availability of sufficient capital. Accordingly, no assurance can be given that our actual property and equipment additions will not vary materially from our expectations.

Financing Activities. The change in net cash provided (used) by our financing activities is primarily attributable to the net effect of (i) a decrease in cash of €1,810.2 million related to higher related-party payments, (ii) an increase in cash of €883.2 million related to higher net borrowings of third-party debt, (iii) an increase in cash of €83.0 million related to lower purchases of Ziggo Holding shares following the completion of the Ziggo Acquisition and (iv) an increase in cash of €79.3 million related to derivative instruments.

Consolidated Statements of Cash Flows – 2014 compared to 2013

Summary. The 2014 and 2013 consolidated statements of cash flows are summarized as follows:

	Year ended December 31,		
	2014 (a)	2013 (a)	Change
	in millions		
Net cash provided by operating activities	€ 572.7	€ 495.1	€ 77.6
Net cash used by investing activities	(551.5)	(1,000.3)	448.8
Net cash provided by financing activities	9.6	505.5	(495.9)
Net increase in cash	€ 30.8	€ 0.3	€ 30.5

(a) As retrospectively revised – see note 1 to our consolidated financial statements.

Operating Activities. The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in the cash provided by our Segment OCF and related working capital changes, primarily due to the Ziggo Acquisition, (ii) a decrease in cash provided due to higher cash payments for interest, primarily due to the impact of debt incurred in connection with the Ziggo Acquisition and (iii) a decrease in cash provided as a result of Ziggo Holding not declaring any dividends following the January 2014 execution of the Merger Protocol.

Investing Activities. The decrease in net cash used by our investing activities is primarily attributable to the net effect of (i) a decrease in cash used of €458.1 million associated with lower advances to related parties and (ii) an increase in cash used of €23.7 million due to higher capital expenditures.

A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our consolidated statements of cash flows is set forth below:

	Year ended December 31, 2014 (a)	2013
	in millions	
Property and equipment additions	€ 205.8	€ 183.7
Assets acquired under capital-related vendor financing arrangements	(13.2)	(3.0)
Assets acquired under related-party capital leases	(3.5)	(5.6)
Assets acquired under a financing arrangement	—	(4.8)
Changes in current liabilities related to capital expenditures	1.8	(3.1)
Capital expenditures	€ 190.9	€ 167.2

(a) As retrospectively revised – see note 1 to our consolidated financial statements.

The increase in our property and equipment additions is primarily attributable to the net effect of (i) an increase due to the impact of the Ziggo Acquisition, (ii) a decrease in expenditures for the purchase and installation of customer premises equipment, (iii) a decrease in expenditures for support capital, such as information technology upgrades and general support systems, and (iv) a decrease in expenditures for new build and upgrade projects to expand services. During 2014 and 2013, our property and equipment additions represented 18.0% and 19.6% of our revenue, respectively.

Financing Activities. The decrease in net cash provided by our financing activities is primarily attributable to the net effect of (i) a decrease in cash provided of €973.8 million related to lower net borrowings of third-party debt, (ii) an increase in cash provided of €672.0 million related to higher related-party receipts and (iii) a decrease in cash provided of €208.9 million related to the purchase of additional shares of Ziggo Holding following the completion of the Ziggo Acquisition.

Contractual Commitments

The following table sets forth the euro equivalents of our commitments as of December 31, 2015:

	Payments due during: 2016	2017	2018	2019	2020	Thereafter	Total
	in millions						
Debt (excluding interest):							
Third-party	€ 115.7	€ 0.4	€ —	€ —	€ 71.7	€ 7,163.1	€ 7,350.9
Related-party	—	—	—	—	—	3,126.4	3,126.4
Capital leases (excluding interest)	4.2	2.3	1.0	0.2	—	—	7.7
Programming commitments	74.3	41.5	18.6	9.3	—	—	143.7
Operating leases	18.7	17.1	13.8	8.4	6.1	10.2	74.3
Purchase commitments	58.6	3.3	0.4	—	—	—	62.3
Other commitments	14.9	7.7	2.7	2.6	2.6	3.7	34.2
Total (a)	€ 286.4	€ 72.3	€ 36.5	€ 20.5	€ 80.4	€ 10,303.4	€ 10,799.5
Projected cash interest payments on third-party debt and capital lease obligations (b)	€ 316.7	€ 315.1	€ 315.4	€ 315.4	€ 311.5	€ 737.6	€ 2,311.7

(a) The commitments included in this table do not reflect any liabilities that are included in our December 31, 2015 consolidated balance sheet other than debt and capital lease obligations.

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

For additional information concerning our debt and capital lease obligations, see note 10 to our consolidated financial statements. For information concerning our commitments, see note 14 to our consolidated financial statements.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) multiemployer benefit plans, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with these derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* below. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during 2015, 2014 and 2013, see note 7 to our consolidated financial statements.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments. The euro equivalents presented below are based on interest rates and exchange rates that were in effect as of December 31, 2015. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 7 to our consolidated financial statements.

	Payments (receipts) due during:						
	2016	2017	2018	2019	2020	Thereafter	Total
	in millions						
Projected derivative cash payments (receipts), net:							
Interest-related (a)	€ 61.8	€ 73.7	€ 62.9	€ 62.9	€ 63.2	€ 71.8	€ 396.3
Principal-related (b)	—	—	—	—	—	(372.8)	(372.8)
Total	€ 61.8	€ 73.7	€ 62.9	€ 62.9	€ 63.2	€ (301.0)	€ 23.5

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

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

Critical Accounting Policies, Judgments and Estimates

In connection with the preparation of our consolidated financial statements, we make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Critical accounting policies are defined as those policies that are reflective of significant judgments, estimates and uncertainties, which would potentially result in materially different results under different assumptions and conditions. We believe the following accounting policies are critical in the preparation of our consolidated financial statements because of the judgment necessary to account for these matters and the significant estimates involved, which are susceptible to change:

- Impairment of property and equipment and intangible assets (including goodwill and other indefinite-lived intangible assets);
- Costs associated with construction and installation activities;
- Useful lives of long-lived assets; and
- Income tax accounting.

For additional information concerning our significant accounting policies, see note 3 to our consolidated financial statements.

Impairment of Property and Equipment and Intangible Assets

Carrying Value. The aggregate carrying value of our property and equipment and intangible assets (including goodwill and other indefinite-lived intangible assets) that were held for use comprised 95.9% of our total assets at December 31, 2015.

We review, when circumstances warrant, the carrying amounts of our property and equipment and our intangible assets (other than goodwill and our other indefinite-lived intangible asset) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (i) an expectation of a sale or disposal of a long-lived asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in legal factors or business climate in the market in which we operate and (iv) operating or cash flow losses. For purposes of impairment testing, long-lived assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities. If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (a) sale prices for similar assets, (b) discounted estimated future cash flows using an appropriate discount rate and/or (c) estimated replacement cost. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

We evaluate goodwill and our other indefinite-lived intangible asset for impairment at least annually on October 1 and whenever facts and circumstances indicate that the carrying amounts of goodwill and our other indefinite-lived intangible asset may not be recoverable. For purposes of the annual goodwill impairment evaluation, our operations consist of one reporting unit. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). Our operating segment is deemed to be a reporting unit as it comprises a single component. For impairment evaluations with respect to both goodwill and our other indefinite-lived intangible asset, we first make a qualitative assessment to determine if the goodwill or our other indefinite-lived intangible asset may be impaired. In the case of goodwill, if it is more-likely-than-not that the reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. If the carrying value of the reporting unit were to exceed its fair value, we would then compare the implied fair value of the reporting unit's goodwill to its carrying amount, and any excess of the carrying amount over the fair value would be charged to operations as an impairment loss. With respect to our other indefinite-lived intangible asset, if it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is less than its carrying value, we then estimate its fair value and any excess of the carrying value over the fair value of the indefinite-lived intangible asset is also charged to operations as an impairment loss.

When required, considerable management judgment is necessary to estimate the fair value of reporting units and underlying long-lived assets. We typically determine fair value using an income-based approach (discounted cash flows) based on assumptions in our long-range business plans and, in some cases, a combination of an income-based approach and a market-based approach. With respect to our discounted cash flow analysis used in the income-based approach, the timing and amount of future cash flows under these business plans require estimates, among other items, of subscriber growth and retention rates, rates charged per product, expected gross margins and Segment OCF margins and expected property and equipment additions. The development of these cash flows, and the discount rate applied to the cash flows, is subject to inherent uncertainties, and actual results could vary significantly from such estimates. Our determination of the discount rate is based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows. Based on the results of our 2015 qualitative assessment of our reporting unit carrying value, we determined that it was more-likely-than-not that fair value exceeded carrying value for our reporting unit.

During the year ended December 31, 2015, we recorded impairment charges of €5.1 million, primarily related to intangible assets acquired in the Ziggo Acquisition. During the fourth quarter of 2014, we recorded a €56.8 million impairment charge to reduce the carrying amount of certain internal-use software assets to zero as these assets are not used by our operations following the Ziggo Acquisition. During the year ended December 31, 2013, we recorded no material impairments of our property and equipment and intangible assets (including goodwill).

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

Costs Associated with Construction and Installation Activities

We capitalize costs associated with the construction of new cable transmission and distribution facilities and the installation of new cable services. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred.

The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality control costs, vehicle-related costs, and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to changes in facts and circumstances, such as the development of new products and services, and changes in the manner that installations or construction activities are performed.

Useful Lives of Long-Lived Assets

We depreciate our property and equipment on a straight-line basis over the estimated useful life of the assets. The determination of the useful lives of property and equipment requires significant management judgment, based on factors such as the estimated physical lives of the assets, technological changes, changes in anticipated use, legal and economic factors, rebuild and equipment swap-out plans, and other factors. Our intangible assets with finite lives primarily consist of customer relationships. Customer relationship intangible assets are amortized on a straight-line basis over the estimated weighted average life of the customer relationships. The determination of the estimated useful life of customer relationship intangible assets requires significant management judgment and is primarily based on historical and forecasted subscriber disconnect rates, adjusted when necessary for risk associated with demand, competition, technological changes and other economic factors. We regularly review whether changes to estimated useful lives are required in order to accurately reflect the economic use of our property and equipment and intangible assets with finite lives. Any changes to estimated useful lives are reflected prospectively. Depreciation and amortization expense during 2015, 2014 and 2013 was €1,037.5 million, €296.3 million and €176.2 million, respectively. A 10.0% increase in the aggregate amount of the depreciation and amortization expense during 2015 would have resulted in a €103.8 million or 95.4% decrease in our 2015 operating income.

Fair Value Measurements

U.S. GAAP provides guidance with respect to recurring and nonrecurring fair value measurements and 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.

Recurring Valuations. We perform recurring fair value measurements with respect to our derivative instruments. We use cash flow valuation models to determine the fair values of our interest rate and foreign currency derivative instruments. For a detailed discussion of the inputs we use to determine the fair value of our derivative instruments, see note 8 to our consolidated financial statements. See also note 7 to our consolidated financial statements for information concerning our derivative instruments.

Changes in the fair values of our derivative instruments have had, and we believe will continue to have, a significant and volatile impact on our results of operations. During 2015, 2014 and 2013, our continuing operations included net gains of €211.1 million, €26.2 million and nil, respectively, attributable to changes in the fair values of our derivative instruments.

As further described in note 8 to our consolidated financial statements, actual amounts received or paid upon the settlement of our derivative instruments may differ materially from the recorded fair values at December 31, 2015.

Nonrecurring Valuations. Our nonrecurring valuations are primarily associated with (i) the application of acquisition accounting and (ii) impairment assessments, both of which require that we make fair value determinations as of the applicable valuation date. In making these determinations, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, market comparables and discount rates, remaining useful lives of long-lived assets, replacement or reproduction costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. To assist us in making these fair value determinations, we may engage third-party valuation specialists. Our estimates in this area impact, among other items, the amount of depreciation and amortization, impairment charges and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain. A significant portion of our long-lived assets were initially recorded through the application of acquisition accounting and all of our long-lived assets are subject to impairment assessments. For additional information, see notes 4, 8 and 9 to our consolidated financial statements.

Income Tax Accounting

We are required to estimate the amount of tax payable or refundable for the current year and the deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. This process requires our management to make assessments regarding the timing and probability of the ultimate tax impact of such items.

Net deferred tax assets are reduced by a valuation allowance if we believe it more-likely-than-not such net deferred tax assets will not be realized. Establishing or reducing a tax valuation allowance requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. At December 31, 2015, the aggregate valuation allowance provided against deferred tax assets was €0.5 million. The actual amount of deferred income tax benefits realized in future periods will likely differ from the net deferred tax assets reflected in our December 31, 2015 consolidated balance sheet due to, among other factors, possible future changes in income tax law or interpretations thereof in the jurisdictions in which we operate and differences between estimated and actual future taxable income. Any of such factors could have a material effect on our current and deferred tax positions as reported in our consolidated financial statements. A high degree of judgment is required to assess the impact of possible future outcomes on our current and deferred tax positions.

Tax laws in jurisdictions in which we operate are subject to varied interpretation, and many tax positions we take are subject to significant uncertainty regarding whether the position will be ultimately sustained after review by the relevant tax authority. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. The determination of whether the tax position meets the more-likely-than-not threshold requires a facts-based judgment using all information available. If we conclude that the more-likely-than-not threshold is not met, the unrecognized tax benefit is classified as an increase to income tax payable or as a reduction to a deferred tax asset for net operating loss or similar carryforwards. As of December 31, 2015, we did not have any unrecognized tax benefits.

For additional information concerning our income taxes, see note 11 to our consolidated financial statements.

Independent Auditors' Report

The Board of Directors
Ziggo Group Holding B.V.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Ziggo Group Holding B.V. (a B.V. registered in the Netherlands) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, the related consolidated statements of operations, owners' equity, and cash flows for the years ended December 31, 2015, 2014 and 2013, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Ziggo Group Holding B.V. and its subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years ended December 31, 2015, 2014 and 2013, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As disclosed in note 1 and note 5, the consolidated balance sheets as of December 31, 2015 and 2014, the consolidated statements of operations, owners' equity, and cash flows for the years ended December 31, 2015, 2014, and 2013 and the related notes to the consolidated financial statements have been adjusted to give retrospective effect to transactions accounted for as common control transfers. Our conclusion is not modified with respect to this matter.

Amstelveen, The Netherlands
March 25, 2016

ZIGGO GROUP HOLDING B.V.

CONSOLIDATED BALANCE SHEETS

	December 31, 2015		December 31, 2014 (a)	
	in millions			
ASSETS				
Current assets:				
Cash	€	12.8	€	31.7
Trade receivables, net		62.7		78.3
Related-party receivables (note 12)		8.4		8.7
Derivative instruments (note 7)		16.1		—
Deferred income taxes (notes 2 and 11)		—		18.7
Prepaid expenses		10.8		23.1
Other current assets, net		19.8		16.8
Total current assets		130.6		177.3
Property and equipment, net (note 9)		2,809.8		2,971.6
Goodwill (note 9)		7,225.9		7,111.8
Intangible assets subject to amortization, net (note 9)		3,456.1		3,968.7
Loans receivable – related-party (note 12)		—		1,775.2
Other assets, net (notes 6, 7, 9 and 11)		443.1		434.5
Total assets	€	14,065.5	€	16,439.1

(a) As retrospectively revised – see note 1.

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

ZIGGO GROUP HOLDING B.V.

CONSOLIDATED BALANCE SHEETS — (Continued)

	December 31, 2015	December 31, 2014 (a)
	in millions	
LIABILITIES AND OWNERS' EQUITY		
Current liabilities:		
Accounts payable (note 12)	€ 178.7	€ 119.6
Accrued and other current liabilities:		
Third-party (notes 4 and 13)	225.8	332.7
Related-party (note 12)	73.4	35.7
Deferred revenue and advance payments from subscribers and others	182.5	182.7
Value-added taxes (**VAT**) payable	63.3	82.1
Derivative instruments (note 7)	94.1	41.9
Accrued interest (note 12)	100.5	36.8
Current portion of debt and capital lease obligations (note 10):		
Third-party	115.9	13.9
Related-party (note 12)	3.7	4.1
Total current liabilities	1,037.9	849.5
Long-term debt and capital lease obligations (note 10):		
Third-party	7,258.4	4,783.8
Related-party (note 12)	3,129.6	6,445.4
Deferred income taxes (note 11)	694.9	863.7
Other long-term liabilities (notes 4, 7, 10, 12 and 13)	539.0	285.1
Total liabilities	12,659.8	13,227.5
Commitments and contingencies (notes 4, 7, 11 and 14)		
Owners' equity:		
Total parent's equity	1,405.7	3,233.4
Noncontrolling interests	—	(21.8)
Total owners' equity	1,405.7	3,211.6
Total liabilities and owners' equity	€ 14,065.5	€ 16,439.1

(a) As retrospectively revised – see note 1.

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

ZIGGO GROUP HOLDING B.V.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2015	2014 (a)	2013 (a)
		in millions	
Revenue (notes 12 and 15)	€ 2,472.7	€ 1,142.9	€ 935.3
Operating costs and expenses:			
Operating (other than depreciation and amortization) (including share-based compensation) (note 12)	760.5	339.6	283.7
Selling, general and administrative (**SG&A**) (including share-based compensation) (note 12)	349.7	156.2	111.0
Related-party fees and allocations (note 12)	152.4	88.4	84.3
Depreciation and amortization (note 9)	1,037.5	296.3	176.2
Impairment, restructuring and other operating items, net (notes 4, 9 and 13)	63.8	127.5	1.1
	2,363.9	1,008.0	656.3
Operating income	108.8	134.9	279.0
Non-operating income (expense):			
Interest expense:			
Third-party	(309.4)	(47.0)	(9.2)
Related-party (note 12)	(222.9)	(146.5)	(91.7)
Interest income – related-party (note 12)	16.3	132.7	123.2
Dividend income (note 6)	—	—	25.9
Realized and unrealized gains on derivative instruments, net (note 7)	211.1	26.2	—
Unrealized gains due to changes in fair value of investment (notes 6 and 8)	—	165.0	167.2
Foreign currency transaction losses, net	(230.6)	(57.0)	—
Other expense, net	(16.7)	(2.6)	—
	(552.2)	70.8	215.4
Earnings (loss) before income taxes	(443.4)	205.7	494.4
Income tax benefit (expense) (notes 11 and 12)	124.0	(33.7)	(77.6)
Net earnings (loss)	(319.4)	172.0	416.8
Net loss (earnings) attributable to noncontrolling interests	—	3.9	(0.4)
Net earnings (loss) attributable to parent	€ (319.4)	€ 175.9	€ 416.4

(a) As retrospectively revised – see note 1.

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

ZIGGO GROUP HOLDING B.V.

CONSOLIDATED STATEMENTS OF OWNERS' EQUITY

	Parent's equity	Noncontrolling interests	Total owners' equity
		in millions	
Balance at January 1, 2013 (a)	€ 1,890.3	€ 48.3	€ 1,938.6
Net earnings	416.4	0.4	416.8
Contributions of Ziggo Holding shares (note 6)	739.2	—	739.2
Conversion of related-party note receivable and related accrued interest to equity (note 10)	(493.6)	—	(493.6)
Distributions to related parties (note 1)	—	(12.3)	(12.3)
Related-party allocation of current tax expense (note 11)	59.0	—	59.0
Excess of carrying value over consideration received for property and equipment transferred to entities under common control (note 12)	(1.6)	—	(1.6)
Share-based compensation	1.3	—	1.3
Capital charge in connection with the exercise of share-based incentive awards (note 12)	(1.3)	—	(1.3)
Other	(0.1)	—	(0.1)
Balance at December 31, 2013 (a)	2,609.6	36.4	2,646.0
Net earnings	175.9	(3.9)	172.0
Contribution of Ziggo Holding shares (note 6)	353.7	—	353.7
Related-party allocation of current tax expense (note 11)	73.1	—	73.1
Conversion of related-party loan receivable and related accrued interest to equity (note 12)	—	(54.3)	(54.3)
Deemed contribution of technology-related services (note 12)	37.0	—	37.0
Noncontrolling interest established in connection with the Ziggo Acquisition	—	867.0	867.0
Impact of Ziggo NCI Acquisition and Statutory Squeeze-out (note 4)	(21.0)	(867.0)	(888.0)
Share-based compensation	5.6	—	5.6
Capital charge in connection with the exercise of share-based incentive awards (note 12)	(1.9)	—	(1.9)
Excess of carrying value over consideration received for property and equipment transferred to entities under common control (note 12)	(2.5)	—	(2.5)
Other	3.9	—	3.9
Balance at December 31, 2014 (a)	3,233.4	(21.8)	3,211.6
Net loss	(319.4)	—	(319.4)
Conversions of related-party notes receivable and related accrued interest to equity (note 12)	(953.4)	—	(953.4)
Distribution in connection with the novation of third-party debt from another subsidiary of Liberty Global (note 10)	(689.2)	—	(689.2)
Conversion of Liberty Global Services Note to equity (note 10)	120.8	—	120.8
Impact of deconsolidation of previously-consolidated entities (note 1)	—	21.8	21.8
Deemed contribution of technology-related services (note 12)	25.0	—	25.0
Related-party allocation of current tax benefit (note 11)	(12.4)	—	(12.4)
Share-based compensation	6.5	—	6.5
Capital charge in connection with the exercise of share-based incentive awards (note 12)	(4.4)	—	(4.4)
Excess consideration received over the carrying value of property and equipment transferred to entities under common control (note 12)	1.1	—	1.1
Other	(2.3)	—	(2.3)
Balance at December 31, 2015	€ 1,405.7	€ —	€ 1,405.7

(a) As retrospectively revised – see note 1.

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

ZIGGO GROUP HOLDING B.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2015	2014 (a)	2013 (a)
		in millions	
Cash flows from operating activities:			
Net earnings (loss)	€ (319.4)	€ 172.0	€ 416.8
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Share-based compensation expense	6.5	5.6	1.3
Related-party fees and allocations	152.4	88.4	84.3
Depreciation and amortization	1,037.5	296.3	176.2
Impairment, restructuring and other operating items, net	63.8	127.5	1.1
Related-party interest expense	222.9	146.5	91.7
Related-party interest income	(16.3)	(132.7)	(123.2)
Amortization of deferred financing costs and non-cash interest accretion	2.8	0.4	0.4
Realized and unrealized gains on derivative instruments, net	(211.1)	(26.2)	—
Unrealized gains due to changes in fair value of investment	—	(165.0)	(167.2)
Foreign currency transaction losses, net	230.6	57.0	—
Loss on extinguishment of debt	0.9	1.9	—
Related-party allocation of current tax expense (benefit)	(12.4)	73.1	59.0
Deferred income tax expense (benefit)	(108.8)	(39.4)	18.6
Changes in operating assets and liabilities, net of the effects of an acquisition:			
Receivables and other operating assets	91.8	1.2	(7.0)
Payables and accruals	(81.9)	(33.9)	(56.9)
Net cash provided by operating activities	1,059.3	572.7	495.1
Cash flows from investing activities:			
Capital expenditures	(386.2)	(190.9)	(167.2)
Net receipts from (advances to) related parties	89.3	(375.7)	(833.8)
Net cash acquired in connection with the Ziggo Acquisition	—	13.5	—
Other investing activities, net	(6.9)	1.6	0.7
Net cash used by investing activities	€ (303.8)	€ (551.5)	€ (1,000.3)

(a) As retrospectively revised – see note 1.

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

ZIGGO GROUP HOLDING B.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

	Year ended December 31,		
	2015	2014 (a)	2013 (a)
		in millions	
Cash flows from financing activities:			
Related-party receipts (payments), net	€ (1,080.2)	€ 730.0	€ 58.0
Borrowings of third-party debt	793.4	435.4	460.0
Repayments of third-party debt and capital lease obligations	(425.6)	(950.8)	(1.6)
Purchase of additional shares of Ziggo Holding through the Statutory Squeeze-out and the Ziggo NCI Acquisition	(125.9)	(208.9)	—
Net cash received related to derivative instruments	79.3	—	—
Cash received relating to a leasing transaction	—	21.8	—
Other financing activities, net	(12.4)	(17.9)	(10.9)
Net cash provided (used) by financing activities	(771.4)	9.6	505.5
Effect of exchange rate changes on cash	(3.0)	—	—
Net increase (decrease) in cash	(18.9)	30.8	0.3
Cash:			
Beginning of year	31.7	0.9	0.6
End of year	€ 12.8	€ 31.7	€ 0.9
Cash paid for interest	€ 245.6	€ 38.1	€ 7.6
Cash paid for taxes	€ 3.5	€ —	€ —

(a) As retrospectively revised – see note 1.

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

(1) Basis of Presentation

Ziggo Group Holding B.V. (**Ziggo Group Holding**), a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**), provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands. Ziggo Group Holding's primary subsidiaries consist of (i) UPC Nederland Holding I B.V. (**UPC Nederland Holding**) and its subsidiaries, including Ziggo Services B.V. (**Ziggo Services**), and (ii) LGE HoldCo VI B.V. (**HoldCo VI**) and its subsidiaries, including LGE HoldCo VII B.V. (**HoldCo VII**), LGE HoldCo V B.V. (**HoldCo V**) and HoldCo V's subsidiary, Ziggo Holding B.V. (**Ziggo Holding**). In these notes, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Ziggo Group Holding (or its predecessor) or collectively to Ziggo Group Holding (or its predecessor) and its subsidiaries after giving effect to the common control transfers as described below.

On November 6, 2014, Ziggo Group Holding acquired 100% of the equity of HoldCo VI from another subsidiary of Liberty Global in exchange for shares of Ziggo Group Holding (the **HoldCo VI Transfer**). As a result of the HoldCo VI Transfer, the following entities have been included in our consolidated financial statements for the following periods during which they were under the common control of Liberty Global: (i) HoldCo V from its inception date of April 5, 2013; (ii) HoldCo VI from its inception date of December 6, 2013; (iii) HoldCo VII from its inception of December 11, 2013; and (iv) Ziggo Holding from the Ziggo Acquisition Date, as defined below. On the date of the HoldCo VI Transfer, HoldCo VI indirectly held, through HoldCo V, all 41,329,850 shares of Ziggo Holding that Liberty Global subsidiaries had acquired from March 2013 through July 2013, net of those shares used to settle a derivative instrument. For additional information regarding HoldCo V's acquisition of Ziggo Holding shares prior to the Ziggo Acquisition, as defined and described below, see note 6.

On November 11, 2014 (the **Ziggo Acquisition Date**), HoldCo V acquired a controlling interest in Ziggo Holding (the **Ziggo Acquisition**). We accounted for this transaction using the acquisition method of accounting. For additional information regarding the Ziggo Acquisition and the subsequent acquisition of additional Ziggo Holding shares, see note 4.

During the first quarter of 2015, Liberty Global undertook various financing transactions in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. As a part of these reorganizations, 100% of the shares of Ziggo Services were transferred on March 5, 2015 from UPC Western Europe Holding B.V. (**UPC Western Europe**), another subsidiary of Liberty Global, to Ziggo Group Holding in exchange for shares of Ziggo Group Holding (the **Ziggo Services Transfer**).

As the Ziggo Services Transfer and the HoldCo VI Transfer constitute transactions between entities under common control, we have reflected these transfers at carryover basis, and our consolidated financial statements have been retrospectively revised to give effect to these transfers for all periods during which (i) Ziggo Group Holding, (ii) UPC Nederland Holding and each of its subsidiaries and (iii) HoldCo VI and each of its subsidiaries were under the common control of Liberty Global. After giving effect to the Ziggo Services Transfer, Ziggo Services is included in our consolidated financial statements for all periods presented and Ziggo Holding is included in our consolidated financial statements on and after the Ziggo Acquisition Date. Ziggo Services has been treated as the predecessor entity of Ziggo Group Holding for financial reporting purposes. For additional information regarding the Ziggo Services Transfer and the HoldCo VI Transfer, see note 5.

Unitymedia International GmbH (**UMI**), UPC Equipment B.V. (**UPC Equipment**) and UPC International Operations B.V. (**UPC International**) are variable interest entities that were formed for the purpose of acquiring and legally owning certain customer premises equipment assets that were leased to Ziggo Services, including certain assets that were the subject of sale and leaseback transactions. Although we had no equity or voting interest in UMI, UPC Equipment or UPC International, substantially all of the revenue of these entities was derived from Ziggo Services through December 31, 2014, and Ziggo Services had the substantive power to direct the significant activities of these entities. As such, Ziggo Services was required to consolidate UMI, UPC Equipment and UPC International through December 31, 2014. From May 31, 2013 through December 31, 2014, Ziggo Services' obligation on the lease payable was with UPC International. Prior to May 31, 2013, Ziggo Services' obligation on the lease payable was with Liberty Global Services B.V. (**Liberty Global Services**), another subsidiary of Liberty Global that is not considered a variable interest entity and is not consolidated by us. As a result of the exclusion of this lease obligation from our consolidated liabilities through May 31, 2013, payments related to the lease payable from Ziggo Services to Liberty Global Services of €6.6 million for the five months ended May 31, 2013 have been reflected as a distribution to a related party in our consolidated statement of owners' equity. For the period from January 1, 2013 to May 31, 2013, the gross amount of lease income and expense was €0.8 million. Subsequent to December 31, 2014, and in anticipation of the Ziggo Services Transfer, the leasing transactions between (i) Ziggo Services and (ii) UMI, UPC Equipment and UPC International were unwound. Accordingly, effective January 1, 2015, we no longer consolidate UMI, UPC Equipment and UPC International.

In our previously-issued consolidated financial statements, we reported the equity interest of Unitymedia Hessen GmbH & Co. KG (**Unitymedia Hessen**), another subsidiary of Liberty Global, in UMI and the equity interests of UPC Holding B.V., another subsidiary of Liberty Global, in UPC Equipment and UPC International as components of parent's equity. We have retrospectively revised this presentation to reflect these equity interests as noncontrolling interests in (i) our December 31, 2014 consolidated balance sheet, (ii) our consolidated statements of operations for the years ended December 31, 2014 and 2013 and (iii) our consolidated statements of owners' equity.

Our functional currency is the euro (**€**). Unless otherwise indicated, convenience translations into the euro are calculated as of December 31, 2015.

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through March 25, 2016, the date of issuance.

(2) Accounting Changes and Recent Accounting Pronouncements

Accounting Changes

In November 2015, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2015-17, *Balance Sheet Classification of Deferred Taxes* (**ASU 2015-17**). To simplify the presentation of deferred income taxes, ASU 2015-17 requires deferred tax assets and liabilities to be classified as noncurrent. ASU 2015-17 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. We early adopted ASU 2015-17 effective December 31, 2015 and, accordingly, all of our deferred tax balances are reflected as noncurrent in our December 31, 2015 consolidated balance sheet. Our December 31, 2014 deferred tax balances have not been retroactively revised.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (**ASU 2016-02**), which, for most leases, will result in lessees recognizing lease assets and lease liabilities on the balance sheet with additional disclosures about leasing arrangements. ASU 2016-02 will replace existing lease guidance when it becomes effective for annual and interim reporting periods beginning after December 15, 2019. ASU 2016-02 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. We expect to adopt ASU 2016-02 no later than January 1, 2019 and we are currently evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (**ASU 2014-09**), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09, as amended by ASU No. 2015-14, will replace existing revenue recognition guidance when it becomes effective for annual and interim reporting periods beginning after December 15, 2018. Early application is permitted for annual and interim reporting periods that begin after December 15, 2016. This new standard permits the use of either the retrospective or cumulative effect transition method. We will adopt ASU 2014-09 effective January 1, 2018, and we are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

(3) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (**U.S. GAAP**) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright expenses, 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 share-based compensation. Actual results could differ from those estimates.

Reclassifications

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

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest and variable interest entities for which our company is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash

We have no cash equivalents, such as money market funds, as of December 31, 2015 or 2014. Our significant non-cash investing and financing activities are disclosed in our consolidated statements of equity and in notes 4, 5, 6, 9, 10 and 12.

Cash Flow Statement

For purposes of determining the classification of cash flows in our consolidated statements of cash flows, payments or receipts on related-party loans are first applied to principal (included as cash flows from financing activities) and then to capitalized interest (included as cash flows from operating activities). Interest-bearing cash advances to related parties and repayments thereof are classified as investing activities. All other related-party borrowings, advances and repayments are reflected as financing activities.

For purposes of our consolidated statements of cash flows, expenses financed by an intermediary are treated as hypothetical operating cash outflows and hypothetical financing cash inflows when the expenses are incurred. When we pay the financing intermediary, we record financing cash outflows in our consolidated statements of cash flows.

Trade Receivables

Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated €9.7 million and €9.1 million at December 31, 2015 and 2014, respectively. The allowance for doubtful accounts is based upon our assessment of probable loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers. We also manage this risk by disconnecting services to customers whose accounts are delinquent.

Investments

We make elections, on an investment-by-investment basis, as to whether we measure our investments at fair value. Such elections are generally irrevocable. During 2014 and 2013, we used the fair value method to account for our investment in Ziggo Holding shares, which represented our only fair value method investment during the periods covered by these consolidated financial statements.

Under the fair value method, investments are recorded at fair value and any changes in fair value are reported in unrealized gains due to changes in fair value of investment in our consolidated statements of operations. All costs directly associated with the acquisition of an investment to be accounted for using the fair value method are expensed as incurred. For additional information regarding our investment in Ziggo Holding shares prior to the Ziggo Acquisition, see notes 6 and 8.

Dividends from publicly-traded investees, such as our previously-held investment in Ziggo Holding shares, are recognized when declared as dividend income in our consolidated statements of operations.

Under the equity method, investments, originally recorded at cost, are adjusted to recognize our share of net earnings or losses of the affiliates as they occur rather than as dividends or other distributions are received, with our recognition of losses generally limited to the extent of our investment in, and advances and commitments to, the investee. As a part of the Ziggo Acquisition, we acquired a joint venture interest that we account for using the equity method. Our share of the losses of this joint venture was €14.9

million and €0.6 million during 2015 and 2014, respectively, and the carrying value of this investment at December 31, 2015 was a €12.2 million liability.

Financial Instruments

Due to the short maturities of trade and other receivables, other current assets, accounts payable, accrued liabilities, subscriber advance payments and deposits, and other current liabilities, their respective carrying values approximate their respective fair values. For information concerning the fair values of certain of our investments, derivative instruments and debt, see notes 6, 7 and 10, respectively. For information concerning how we arrive at certain of our fair value measurements, see note 8.

Derivative Instruments

All derivative instruments are recorded on the balance sheet at fair value. As we do not apply hedge accounting to any of our derivative instruments, the changes in the fair values of our derivative instruments are recognized in earnings. For information regarding our derivative instruments, including our policy for classifying cash flows related to derivative instruments in our consolidated statements of cash flows, see note 7.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. We capitalize costs associated with the construction of new cable transmission and distribution facilities and the installation of new cable services. Capitalized construction and installation costs include materials, labor and other directly attributable costs. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred. Interest capitalized with respect to construction activities was not material during any of the periods presented.

Capitalized internal-use software is included as a component of property and equipment. We capitalize internal and external costs directly associated with the development of internal-use software. We also capitalize costs associated with the purchase of software licenses. Maintenance and training costs, as well as costs incurred during the preliminary stage of an internal-use software development project, are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the underlying asset. Equipment under capital leases is amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Useful lives used to depreciate our property and equipment are assessed periodically and are adjusted when warranted. The useful lives of cable distribution systems that are undergoing a rebuild are adjusted such that property and equipment to be retired will be fully depreciated by the time the rebuild is completed. For additional information regarding the useful lives of our property and equipment, see note 9.

Additions, replacements and improvements that extend the asset life are capitalized. Repairs and maintenance are charged to operations.

We recognize a liability for asset retirement obligations in the period in which it is incurred if sufficient information is available to make a reasonable estimate of fair values. Asset retirement obligations may arise from the loss of rights of way that we obtain from local municipalities or other relevant authorities. Under certain circumstances, the authorities could require us to remove our network equipment from an area if, for example, we were to discontinue using the equipment for an extended period of time or the authorities were to decide not to renew our access rights. However, because the rights of way are integral to our ability to deliver broadband communications services to our customers, we expect to conduct our business in a manner that will allow us to maintain these rights for the foreseeable future. In addition, we have no reason to believe that the authorities will not renew our rights of way and, historically, renewals have been granted. We also have obligations in lease agreements to restore the property to its original condition or remove our property at the end of the lease term. Sufficient information is not available to estimate the fair value of our asset retirement obligations in certain of our lease arrangements. This is the case for long-term lease arrangements in which the underlying leased property is integral to our operations, there is not an acceptable alternative to the leased property and we have the ability to indefinitely renew the lease. Accordingly, for most of our rights of way and certain lease agreements, the possibility is remote that we will incur significant removal costs in the foreseeable future and, as such, we do not have sufficient information to make a reasonable estimate of fair value for these asset retirement obligations.

As of December 31, 2015 and 2014, the recorded value of our asset retirement obligations was €4.8 million and €4.6 million, respectively.

Intangible Assets

Our primary intangible assets relate to goodwill and customer relationships. Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in a business combination. Customer relationships were originally recorded at their fair values in connection with business combinations.

Goodwill and other intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives are amortized on a straight-line basis over their respective estimated useful lives to their estimated residual values and reviewed for impairment.

For additional information regarding the useful lives of our intangible assets, see note 9.

Impairment of Property and Equipment and Intangible Assets

We review, when circumstances warrant, the carrying amounts of our property and equipment and our intangible assets (other than goodwill and our other indefinite-lived intangible asset) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (i) an expectation of a sale or disposal of a long-lived asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in legal factors or business climate in the market in which we operate and (iv) operating or cash flow losses. For purposes of impairment testing, long-lived assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities. If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (a) sale prices for similar assets, (b) discounted estimated future cash flows using an appropriate discount rate and/or (c) estimated replacement cost. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

We evaluate goodwill and our other indefinite-lived intangible asset for impairment at least annually on October 1 and whenever facts and circumstances indicate that the carrying amounts of goodwill and our other indefinite-lived intangible asset may not be recoverable. For purposes of the annual goodwill impairment evaluation, our operations consist of one reporting unit. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). Our operating segment is deemed to be a reporting unit as it comprises a single component. For impairment evaluations with respect to both goodwill and our other indefinite-lived intangible asset, we first make a qualitative assessment to determine if the goodwill or other indefinite-lived intangible asset may be impaired. In the case of goodwill, if it is more-likely-than-not that the reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. If the carrying value of the reporting unit were to exceed its fair value, we would then compare the implied fair value of the reporting unit's goodwill to its carrying amount, and any excess of the carrying amount over the fair value would be charged to operations as an impairment loss. With respect to our other indefinite-lived intangible asset, if it is more-likely-than-not that the fair value of the indefinite-lived intangible asset is less than its carrying value, we then estimate its fair value and any excess of the carrying value over the fair value of the indefinite-lived intangible asset is also charged to operations as an impairment loss.

Income Taxes

Income taxes are accounted for under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities, and the expected benefits of utilizing net operating loss and tax credit carryforwards using enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. Net deferred tax assets are then reduced by a valuation allowance if we believe it is more-likely-than-not such net deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. Interest and penalties related to income tax liabilities are included in income tax expense.

Our consolidated financial statements include the income taxes on a separate return basis (i) of Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, (ii) of HoldCo VI and its Dutch subsidiaries (the **HoldCo VI Dutch Fiscal Unity**), and (iii) during 2014 and 2013, of (a) UPC Equipment, (b) UPC International and (c) UMI based on the local tax law.

Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, is part of a Dutch fiscal unity (the **Liberty Global Holding Dutch Fiscal Unity**) that comprises Liberty Global Holding B.V. (**Liberty Global Holding**) and all of its Dutch subsidiaries, including subsidiaries that are outside of Ziggo Group Holding. The Liberty Global Holding Dutch Fiscal Unity combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Related-party tax allocations to our company from other Liberty Global Holding subsidiaries within the Liberty Global Holding Dutch Fiscal Unity are not subject to tax-sharing agreements, and no cash payments are made between the companies related to the Dutch tax attributes. Accordingly, related-party tax allocations are reflected as an adjustment of parent's equity in our consolidated statements of owners' equity.

Multiemployer Benefit Plans

We are a party to multiemployer benefit plans, and we recognize as net postretirement benefit cost the required contribution paid or payable for these plans during the period.

Foreign Currency Transactions

The reporting currency of our company is the euro. Transactions denominated in currencies other than our functional currency are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheets related to these non-functional currency transactions result in transaction gains and losses that are reflected in our consolidated statements of operations as unrealized (based on the applicable period end exchange rates) or realized upon settlement of the transactions.

Revenue Recognition

Service Revenue – Cable Networks. We recognize revenue from the provision of video, broadband internet and fixed-line telephony services over our cable network to customers in the period the related services are provided. Installation revenue (including reconnect fees) related to services provided over our cable network is recognized as revenue in the period during which the installation occurs to the extent these fees are equal to or less than direct selling costs, which costs are expensed as incurred. To the extent installation revenue exceeds direct selling costs, the excess revenue is deferred and amortized over the average expected subscriber life.

Sale of Multiple Products and Services. We sell video, broadband internet, fixed-line telephony and mobile services to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Revenue from bundled packages generally is allocated proportionally to the individual services based on the relative standalone price for each respective service.

Mobile Revenue – General. Arrangement consideration from mobile contracts is allocated to the airtime service element and the handset service element based on the relative standalone prices of each element. The amount of arrangement consideration allocated to the handset is limited to the amount that is not contingent upon the delivery of future airtime services. We offer handsets under a subsidized contract model, whereby upfront revenue recognition is limited to the upfront cash collected from the customer as the remaining monthly fees to be received from the customer, including fees that may be associated with the handset, are contingent upon delivering future airtime services.

Mobile Revenue – Airtime Services. We recognize revenue from mobile services in the period the related services are provided.

Mobile Revenue – Handset Revenue. Arrangement consideration allocated to handsets is recognized as revenue when the goods have been delivered and title has passed.

*Business-to-Business (**B2B**) Revenue.* We defer upfront installation and certain nonrecurring fees received on B2B contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis over the term of the arrangement or the expected period of performance.

Promotional Discounts. For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognized only to the extent of the discounted monthly fees charged to the subscriber, if any.

Subscriber Advance Payments and Deposits. Payments received in advance for the services we provide are deferred and recognized as revenue when the associated services are provided.

Sales, Use and Other VAT. Revenue is recorded net of applicable sales, use and other VAT.

Litigation Costs

Legal fees and related litigation costs are expensed as incurred.

(4) Acquisition

On the Ziggo Acquisition Date, pursuant to a merger protocol (the **Merger Protocol**) with respect to an offer to acquire all of the shares of Ziggo Holding that we did not already own, we gained control of Ziggo Holding through the acquisition of 136,603,794 additional Ziggo Holding shares, which increased our ownership interest in Ziggo Holding to 88.9%. From November 12, 2014 through November 19, 2014, we acquired 18,998,057 additional Ziggo Holding shares, further increasing our ownership interest in Ziggo Holding to 98.4% (the **Ziggo NCI Acquisition**). We acquired Ziggo Holding in order to achieve certain financial, operational and strategic benefits through the integration of Ziggo Holding with Ziggo Services.

Pursuant to the Merger Protocol, (i) Liberty Global issued shares with an aggregate market value of €4,489.4 million and (ii) we paid aggregate cash consideration of €1,711.6 million to Ziggo Holding shareholders in connection with the Ziggo Acquisition and the Ziggo NCI Acquisition. As detailed further below, Liberty Global's issuance of shares in connection with the Ziggo Acquisition gave rise to our initial obligation under the Liberty Global Broadband Note (as defined and described in note 10).

On December 3, 2014, we initiated a statutory squeeze-out procedure in accordance with the Dutch Civil Code (the **Statutory Squeeze-out**) in order to acquire the remaining 3,162,605 Ziggo Holding shares not tendered through November 19, 2014. Under the Statutory Squeeze-out, which was completed during the second quarter of 2015, Ziggo Holding shareholders other than Liberty Global and its affiliates received cash consideration of €39.78 per share, plus interest, for an aggregate of €125.9 million. This amount was approved in April 2015 by the Enterprise Court in the Netherlands. Effective upon the commencement of the Statutory Squeeze-out, the remaining noncontrolling interest in Ziggo Holding became mandatorily redeemable and, accordingly, is reflected as a liability at December 31, 2014 that is included in accrued and other current liabilities in our consolidated balance sheet. The difference between the carrying value of the noncontrolling interest immediately prior to the date that the noncontrolling interest became mandatorily redeemable and the then expected redemption value was reflected as a €2.1 million decrease to parent's equity in our 2014 consolidated statement of owners' equity.

For accounting purposes, (i) the Ziggo Acquisition was accounted for using acquisition accounting and (ii) the Ziggo NCI Acquisition and the Statutory Squeeze-out were treated as acquisitions of a noncontrolling interest.

In connection with the completion of the Ziggo Acquisition, we obtained regulatory clearance from the European Commission on October 10, 2014, subject to the following commitments:

- Liberty Global's commitment to divest its *Film1* channels to a third party and for our company to carry *Film1* on our network for a period of three years. Accordingly, on July 21, 2015, Liberty Global sold its *Film1* channels to Sony Pictures Television Networks. Under the terms of the agreement, all five *Film1* channels will continue to be carried on our network for a period of at least three years. As the terms of this carriage agreement reflect above-market rates, we recorded a €30.9 million liability as part of the accounting for the *Film1* disposal, which will be amortized to programming expense. In addition, during the fourth quarter of 2015, we received cash of €30.9 million from a subsidiary of Liberty Global as reimbursement for this obligation; and

- an eight-year commitment with respect to our network (i) not to enforce certain clauses currently contained in carriage agreements with broadcasters that restrict the ability of broadcasters to offer their channels and content via over-the-top services, (ii) not to enter into carriage agreements containing such clauses and (iii) to maintain adequate interconnection capacity through at least three uncongested routes into our network, at least one of which must be with a large transit provider.

In July 2015, the Dutch incumbent telecommunications operator filed an appeal against the European Commission regarding its decision to approve the Ziggo Acquisition. We are not a party to the appeal, and we do not expect that the filing of this appeal will have any impact on the ongoing integration and development of our operations.

The consideration paid by Ziggo Group Holding in connection with the Ziggo Acquisition and the fair value of our pre-existing investment in Ziggo Holding on the Ziggo Acquisition Date is set forth below (in millions):

Liberty Global Broadband Note (a)	€	3,936.1
Cash (b)		1,502.7
Fair value of pre-existing investment in Ziggo Holding (c)		1,617.1
Total	€	7,055.9

(a) Represents a non-cash borrowing under the Liberty Global Broadband Note (as defined and described in note 10), the amount of which is equal to the aggregate market value of the shares issued to Ziggo Holding shareholders by Liberty Global in connection with the Ziggo Acquisition.

(b) Represents the cash consideration paid in connection with the Ziggo Acquisition.

(c) Represents the fair value of the 41,329,850 shares of Ziggo Holding held by HoldCo V immediately prior to the Ziggo Acquisition.

We have accounted for the Ziggo Acquisition using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of Ziggo Holding based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the purchase price and opening balance sheet for the Ziggo Acquisition as of the Ziggo Acquisition Date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions):

Cash (a)	€	1,516.2
Other current assets, net		55.9
Property and equipment, net		2,178.3
Goodwill (b)		6,311.6
Intangible assets subject to amortization, net (c)		3,897.0
Other assets, net		307.1
Current portion of debt and capital lease obligations		(484.6)
Accrued and other current liabilities		(370.5)
Long-term debt and capital lease obligations		(4,293.8)
Other long-term liabilities		(1,194.3)
Noncontrolling interest (d)		(867.0)
Total purchase consideration (e)	€	7,055.9

(a) The Ziggo Acquisition resulted in €13.5 million of net cash acquired after deducting the cash consideration paid.

(b) The goodwill recognized in connection with the Ziggo Acquisition is primarily attributable to (i) the ability to take advantage of Ziggo Holding's existing advanced broadband communications network to gain immediate access to potential customers and (ii) substantial synergies that are expected to be achieved through the integration of Ziggo Holding with Ziggo Services and other European operations of Liberty Global.

(c) Amount primarily includes intangible assets related to customer relationships. As of the Ziggo Acquisition Date, the weighted average useful life of Ziggo Holding's intangible assets was approximately ten years.

(d) Represents the fair value of the noncontrolling interest in Ziggo Holding as of the Ziggo Acquisition Date.

(e) Excludes direct acquisition costs of €64.2 million incurred through December 31, 2014, which are included in impairment, restructuring and other operating items, net, in our consolidated statement of operations.

We have accounted for the Ziggo NCI Acquisition as an equity transaction, with the carrying amount of the noncontrolling interest adjusted to reflect the change in ownership of Ziggo Holding. The difference between the fair value of consideration paid and the amount by which the noncontrolling interest was adjusted has been recognized as parent's equity in our consolidated statement of owners' equity. The impact of the Ziggo NCI Acquisition is summarized in the following table (in millions):

Reduction of noncontrolling interests	€	743.3
Parent's equity		18.9
Fair value of consideration paid (a)	€	762.2

(a) Represents the aggregate fair value of the consideration paid in the form of (i) a €553.3 million increase to the Liberty Global Broadband Note (as defined and described in note 10), which represents the value assigned to the Liberty Global shares issued to Ziggo Holding shareholders by Liberty Global, and (ii) cash consideration of €208.9 million paid to Ziggo Holding shareholders based on 18,998,057 shares of Ziggo Holding tendered in connection with the Ziggo NCI Acquisition.

Pro Forma Information

The following unaudited pro forma consolidated operating results give effect to the acquisition of 100% of Ziggo Holding as if it had been completed as of January 1, 2013. 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.

	Year ended December 31, 2014	2013
	in millions	
Revenue	€ 2,534.8	€ 2,488.1
Net earnings (loss) attributable to parent	€ (344.6)	€ 320.0

Our consolidated statement of operations for 2014 includes revenue and net loss of €219.9 million and €80.0 million, respectively, attributable to Ziggo Holding.

(5) Common Control Transfer

As further described in note 1, we have accounted for the Ziggo Services Transfer and the HoldCo VI Transfer as transactions between entities under common control. Accordingly, we have reflected these transfers at carryover basis and our consolidated financial statements have been retrospectively revised to give effect to these transfers for all periods during which (i) Ziggo Group Holding, (ii) UPC Nederland Holding and each of its subsidiaries and (iii) HoldCo VI and each of its subsidiaries were under the common control of Liberty Global.

The following table sets forth the retrospective effects of these common control transfers on the selected December 31, 2014 consolidated balance sheet data of Ziggo Services, the predecessor of Ziggo Group Holding, for financial reporting purposes:

	December 31, 2014		
	As previously reported (a)	Common control adjustments (b)	As retrospectively revised
		in millions	
Current assets	€ 84.6	€ 92.7	€ 177.3
Property and equipment, net	€ 861.0	€ 2,110.6	€ 2,971.6
Goodwill	€ 914.3	€ 6,197.5	€ 7,111.8
Total assets	€ 3,923.0	€ 12,516.1	€ 16,439.1
Current liabilities	€ 282.1	€ 567.4	€ 849.5
Long-term debt and capital lease obligations	€ 1,033.7	€ 10,195.5	€ 11,229.2
Total liabilities	€ 1,449.1	€ 11,778.4	€ 13,227.5
Total owners' equity	€ 2,473.9	€ 737.7	€ 3,211.6
Total liabilities and owners' equity	€ 3,923.0	€ 12,516.1	€ 16,439.1

(a) Amounts represent the selected consolidated balance sheet data of Ziggo Services, as previously reported.

(b) Amounts represent the carrying values of assets, liabilities and equity of (i) Ziggo Group Holding and (ii) HoldCo VI and its subsidiaries.

The following table sets forth the retrospective effects of these common control transfers on the selected consolidated statement of operations data of Ziggo Services:

	Year ended December 31, 2014			Year ended December 31, 2013		
	As previously reported (a)	Common control adjustments (b)	As retrospectively revised	As previously reported (a)	Common control adjustments (c)	As retrospectively revised
			in millions			
Revenue	€ 923.4	€ 219.5	€ 1,142.9	€ 935.3	€ —	€ 935.3
Operating expenses	€ 267.2	€ 72.4	€ 339.6	€ 283.7	€ —	€ 283.7
SG&A expenses	€ 121.1	€ 35.1	€ 156.2	€ 111.0	€ —	€ 111.0
Depreciation and amortization expense	€ 184.3	€ 112.0	€ 296.3	€ 176.2	€ —	€ 176.2
Non-operating expense, net	€ 42.7	€ 28.1	€ 70.8	€ 18.0	€ 197.4	€ 215.4
Income tax benefit (expense)	€ (87.8)	€ 54.1	€ (33.7)	€ (77.6)	€ —	€ (77.6)
Net earnings (loss)	€ 216.3	€ (44.3)	€ 172.0	€ 219.4	€ 197.4	€ 416.8

(a) Amounts represent the selected consolidated statement of operations data of Ziggo Services, as previously reported.

(b) Amounts represent the selected results of operations data (i) for the year ended December 31, 2014 of (a) HoldCo V (b) HoldCo VI and (c) HoldCo VII and (ii) of Ziggo Holding for the period from the Ziggo Acquisition Date through December 31, 2014.

(c) Amounts represent the selected results of operations data of (i) HoldCo V, (ii) HoldCo VI and (iii) HoldCo VII from each respective inception date (as described in note 1) through December 31, 2013.

(6) Investments

During 2013, Liberty Global subsidiaries outside of Ziggo Group Holding purchased shares of Ziggo Holding, a then publicly-traded company in the Netherlands. To the extent not otherwise used by these other Liberty Global subsidiaries to settle a derivative instrument outside of Ziggo Group Holding, these shares were subsequently transferred to HoldCo V. On the date of the HoldCo VI Transfer, HoldCo V owned 41,329,850 or 20.7% of the then outstanding Ziggo Holding shares.

The details associated with the Ziggo Holding shares that were transferred to HoldCo V by other Liberty Global subsidiaries outside of Ziggo Group Holding are as follows:

Transfer date	Number of shares	Aggregate fair value on transfer date	
		in millions	
April 22, 2013 (a)	25,300,000	€	683.1
July 22, 2013 (a)	2,000,000	€	56.1
November 6, 2014 (a)	9,095,751	€	353.7
November 6, 2014 (b)	4,934,099	€	191.9

(a) These Ziggo Holding shares were contributed by other Liberty Global subsidiaries to HoldCo V on the indicated dates. These contributions of Ziggo Holding shares were recorded at fair value on the date of contribution and have been reflected as increases to parent's equity in our consolidated statements of owners' equity.

(b) HoldCo V acquired these shares through a non-cash increase to the Liberty Global Broadband Note, as defined and described in note 10.

Prior to the completion of the Ziggo Acquisition, we accounted for our investment in shares of Ziggo Holding at fair value. Accordingly, changes in the fair value of Ziggo Holding shares have been reflected in unrealized gains due to changes in fair value of investment in our consolidated statements of operations. For additional information regarding the Ziggo Acquisition, see note 4.

In April 2013, HoldCo V entered into a limited recourse margin loan agreement (the **Ziggo Margin Loan**) with respect to its investment in Ziggo Holding. All 27,300,000 of the Ziggo Holding shares that we owned at December 31, 2013 were pledged as collateral under the Ziggo Margin Loan. During the first quarter of 2014, we repaid the full amount of the Ziggo Margin Loan. For additional information regarding the Ziggo Margin Loan, see note 10.

During 2013, we received aggregate cash dividends from Ziggo Holding of €25.9 million.

The summarized results of operations of Ziggo Holding for the periods indicated are set forth below:

	2014 (a)		2013 (b)	
	in millions			
Revenue	€	1,397.4	€	1,180.4
Operating income	€	244.5	€	314.5
Net earnings (loss)	€	(173.2)	€	149.6

(a) Amounts relate to the period from January 1, 2014 through the Ziggo Acquisition Date.

(b) Amounts relate to the period from March 28, 2013 (the date of Liberty Global's initial investment in Ziggo Holding) through December 31, 2013.

(7) Derivative Instruments

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements with respect to borrowings that are denominated in a currency other than our functional currency. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (**U.S.**) dollar and the euro. We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains on derivative instruments, net, in our consolidated statements of operations.

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

	December 31, 2015			December 31, 2014 (a)		
	Current	Long-term (b)	Total	Current	Long-term (b)	Total
			in millions			
Assets:						
Cross-currency and interest rate derivative contracts (c)	€ 16.1	€ 208.8	€ 224.9	€ —	€ 67.9	€ 67.9
Liabilities:						
Cross-currency and interest rate derivative contracts (c)	€ 75.9	€ 226.6	€ 302.5	€ 41.9	€ 101.6	€ 143.5
Equity-related derivative instrument (d)	18.2	—	18.2	—	—	—
Total	€ 94.1	€ 226.6	€ 320.7	€ 41.9	€ 101.6	€ 143.5

(a) As retrospectively revised – see note 1.

(b) Our long-term derivative assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our consolidated balance sheets.

(c) We consider credit risk in our fair value assessments. As of December 31, 2015 and 2014, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €7.0 million and €1.9 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 €11.4 million and €4.9 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 gains of €1.4 million, €3.0 million and nil during 2015, 2014 and 2013, respectively. These amounts are included in realized and unrealized gains on derivative instruments, net, in our consolidated statements of operations. For further information regarding our fair value measurements, see note 8.

(d) Represents the fair value of a written put option related to a joint venture investment, whereby our joint venture partner has the right to put its joint venture shares to us. In the event the written put option were to be exercised and we were to purchase the joint venture interest, the obligations of the joint venture, including the joint venture's obligation to then immediately repay a loan to our joint venture partner, would be included in our consolidated obligations and we would be required to fund 100% of the future losses of the joint venture. The fair value of this written put option does not include any amounts that might be required to fund the joint venture's obligations or its future losses.

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

	Year ended December 31,		
	2015	2014	2013
		in millions	
Cross-currency and interest rate derivative contracts	€ 218.1	€ 26.2	€ —
Foreign currency forward contracts	(7.0)	—	—
Total	€ 211.1	€ 26.2	€ —

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

	Year ended December 31,		
	2015	2014	2013
		in millions	
Operating activities	€ (38.7)	€ —	€ —
Financing activities	79.3	—	—
Total	€ 40.6	€ —	€ —

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of and concentration of risk with the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At December 31, 2015, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €208.8 million.

We have entered into derivative instruments under master agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements under each of these master agreements are limited to the derivative instruments governed by the relevant master agreement and are independent of similar arrangements.

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.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine the settlement amount and/or compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

Details of our Derivative Instruments

In the following tables, we present the details of the various categories of our derivative instruments. The notional amounts of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. In addition, for derivative instruments that were in effect as of December 31, 2015, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to December 31, 2015, we present a range of dates that represents the period covered by the applicable derivative instruments.

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at December 31, 2015, which are held by our wholly-owned subsidiary, Amsterdamse Beheer-en Consultingmaatschappij BV (**ABC B.V.**), are as follows:

Final maturity date	Notional amount due from counterparty	Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
January 2022	$ 2,350.0	€ 1,819.0	6 mo. LIBOR + 2.75%	4.56%
January 2023	$ 400.0	€ 339.0	5.88%	4.58%

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at December 31, 2015, which are held by ABC B.V., are as follows:

Final maturity date	Notional amount	Interest rate due from counterparty	Interest rate due to counterparty
	in millions		
January 2022	€ 1,566.0	6 mo. EURIBOR	1.66%
January 2016	€ 689.0	1 mo. EURIBOR + 3.75%	6 mo. EURIBOR + 3.59%
January 2016 - January 2017	€ 689.0	1 mo. EURIBOR + 3.75%	6 mo. EURIBOR + 3.57%
January 2021	€ 500.0	6 mo. EURIBOR	2.61%
July 2016	€ 461.3	6 mo. EURIBOR	0.20%
July 2016 - January 2023	€ 290.0	6 mo. EURIBOR	2.84%
March 2021	€ 175.0	6 mo. EURIBOR	2.32%
July 2016 - January 2022	€ 171.3	6 mo. EURIBOR	3.44%

(8) Fair Value Measurements

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

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

All of our Level 2 inputs (interest rate futures and swap rates) and certain of our Level 3 inputs (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 and forward interest and currency rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

During 2014 and 2013, we held a noncontrolling interest in the shares of Ziggo Holding. We recorded these shares at fair value based on a Level 1 input, with changes in the fair value reflected in unrealized gains due to changes in fair value of investment in our consolidated statements of operations through the Ziggo Acquisition Date. As further described in note 4, we completed the Ziggo Acquisition during the fourth quarter of 2014. As a result, we began consolidating Ziggo Holding as of the Ziggo Acquisition Date and we no longer have a fair value investment in Ziggo Holding.

As further described in note 7, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes most interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 7. In addition, and as further described in note 7, we have an equity-related derivative instrument that we record at fair value based upon Level 3 inputs.

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 our company, customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of our company (our only reporting unit) is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During 2015, we did not perform significant nonrecurring fair value measurements. During the year ended December 31, 2014, we performed nonrecurring valuations for the purpose of determining the acquisition accounting for the Ziggo Acquisition. We used a discount rate of 8.5% for our valuation of the customer relationships acquired as a result of this acquisition.

(9) Long-lived Assets

Property and Equipment, Net

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

	Estimated useful life at December 31, 2015	December 31, 2015	December 31, 2014 (a)
		in millions	
Distribution systems	4 to 30 years	€ 3,054.1	€ 2,891.4
Customer premises equipment	3 to 5 years	688.6	536.5
Support equipment, buildings and land	3 to 25 years	586.5	548.5
		4,329.2	3,976.4
Accumulated depreciation		(1,519.4)	(1,004.8)
Total property and equipment, net		€ 2,809.8	€ 2,971.6

(a) As retrospectively revised – see note 1.

Depreciation expense related to our property and equipment was €639.5 million, €222.1 million and €156.1 million during 2015, 2014 and 2013, respectively.

At December 31, 2015 and 2014, the amount of property and equipment, net, recorded under capital leases was €15.9 million and €18.6 million, respectively. Most of these amounts relate to assets included in our distribution systems category. Depreciation of assets under capital leases is included in depreciation and amortization in our consolidated statements of operations.

During 2015, 2014 and 2013, we recorded non-cash increases to our property and equipment related to vendor financing arrangements of €86.7 million, €13.2 million and €3.0 million, respectively, which exclude related VAT of €10.7 million, €2.5 million and €0.5 million, respectively, that was also financed by our vendors under these arrangements. In addition, during 2015, 2014 and 2013, we recorded non-cash increases to our property and equipment related to assets acquired under capital lease arrangements from Liberty Global Services of €2.8 million, €3.5 million and €5.6 million, respectively. During 2013, we recorded non-cash increases to our property and equipment of €4.8 million related to assets acquired pursuant to a financing arrangement.

Most of our property and equipment is pledged as security under our various debt instruments. For additional information, see note 10.

During 2015, we recorded impairment charges of €5.1 million, primarily related to intangible assets acquired in the Ziggo Acquisition. During the fourth quarter of 2014, we recorded a €56.8 million impairment charge to reduce the carrying amount of certain internal-use software assets to zero as these assets are not used by our operations following the Ziggo Acquisition.

Goodwill

The change in the carrying amount of our goodwill during 2015 is set forth below (in millions):

January 1, 2015 (a)	€ 7,111.8
Acquisition related adjustments	114.1
December 31, 2015	€ 7,225.9

(a) As retrospectively revised – see note 1.

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

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization, which primarily have an estimated useful life of 10 years at December 31, 2015, are set forth below:

	December 31, 2015			December 31, 2014 (a)		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships	€ 3,898.8	€ (443.5)	€ 3,455.3	€ 4,220.5	€ (251.8)	€ 3,968.7
Other	1.0	(0.2)	0.8	—	—	—
Total	€ 3,899.8	€ (443.7)	€ 3,456.1	€ 4,220.5	€ (251.8)	€ 3,968.7

(a) As retrospectively revised – see note 1.

Amortization expense related to intangible assets with finite useful lives was €398.0 million, €74.2 million and €20.1 million during 2015, 2014 and 2013, respectively. Based on our amortizable intangible asset balances at December 31, 2015, we expect that amortization expense will be as follows for the next five years and thereafter (in millions):

2016	€ 389.9
2017	389.9
2018	389.9
2019	389.9
2020	389.9
Thereafter	1,506.6
Total	€ 3,456.1

Indefinite-lived Intangible Asset

In our December 31, 2015 and 2014 consolidated balance sheets, other assets, net, includes a €75.0 million indefinite-lived intangible asset related to the Ziggo trade name.

(10) Debt and Capital Lease Obligations

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

	December 31, 2015		Estimated fair value (c)		Carrying value (d)	
			December 31,		December 31,	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	2015	2014 (e)	2015	2014 (e)
				in millions		
Third-party debt:						
Subsidiaries:						
Ziggo Credit Facilities	3.64 %	€ 800.0	€ 4,749.7	€ 3,853.7	€ 4,806.3	€ 3,893.3
Ziggo SPE Notes	4.47 %	—	1,456.6	—	1,568.1	—
Ziggo Notes	6.82 %	—	879.0	894.5	883.6	890.0
Vendor financing (f)	2.69 %	—	116.1	13.9	116.1	13.9
Total third-party debt	4.15 %	800.0	€ 7,201.4	€ 4,762.1	7,374.1	4,797.2
Related-party debt:						
Parent:						
Liberty Global Europe Note (g)	4.48 %	—	(h)	—	1,994.6	—
Liberty Global Broadband Note (i)	5.13 %	—	(h)	(h)	1,122.9	5,397.7
Subsidiaries:						
Liberty Global Services Note (j)	— %	—	(h)	(h)	—	922.1
2012 Liberty Global Europe Note (k)	— %	—	(h)	(h)	—	78.5
Unitymedia Hessen Note (l)	— %	—	(h)	(h)	—	27.5
Other (m)	5.97 %	—	(h)	(h)	8.9	13.5
Total related-party debt	4.72 %	—			3,126.4	6,439.3
Total debt	4.32 %	€ 800.0			10,500.5	11,236.5
Capital lease obligations:						
Third-party					0.2	0.5
Related-party					6.9	10.2
Total capital lease obligations					7.1	10.7
Total debt and capital lease obligations					10,507.6	11,247.2
Current maturities					(119.6)	(18.0)
Long-term debt and capital lease obligations					€ 10,388.0	€ 11,229.2

(a) Represents the weighted average interest rate in effect at December 31, 2015 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 5.2% at December 31, 2015. For information regarding our derivative instruments, see note 7.

(b) Unused borrowing capacity represents the maximum availability under the Ziggo Credit Facilities (as defined and described below) at December 31, 2015 without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2015, based on the applicable leverage and other financial covenants, our availability under the Ziggo Credit Facilities was limited to €570.2 million. When the relevant December 31, 2015 compliance reporting requirements have been completed and assuming no changes from December 31, 2015 borrowing levels, we anticipate that our availability under the Ziggo Credit Facilities will be limited to €601.6 million. In addition to these limitations, the debt instruments of the borrowers of the Ziggo Credit Facilities contain restricted payment tests that limit the amount that can be loaned or distributed to other Ziggo Group Holding subsidiaries and ultimately to Ziggo Group Holding. At December 31, 2015, the availability to be loaned or distributed by the borrowers of the Ziggo Credit Facilities was limited to €216.3 million. When the relevant December 31, 2015 compliance reporting requirements have been completed and assuming no changes from the December 31, 2015 borrowing levels, we anticipate the availability to be loaned or distributed by the borrowers of the Ziggo Credit Facilities will be limited to €246.2 million.

(c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 8.

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

(e) As retrospectively revised – see note 1.

(f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are primarily used to finance certain of our property and equipment additions and, to a lesser extent, certain of our operating expenses. These obligations are generally due within one year. At December 31, 2015 and 2014, the amounts owed pursuant to these arrangements include €14.0 million and €2.3 million, respectively, of VAT that was paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments of third-party debt and capital lease obligations in our consolidated statements of cash flows.

(g) Represents an amount due to Liberty Global Europe Holding B.V. (**Liberty Global Europe**), a subsidiary of Liberty Global and the immediate parent of Ziggo Group Holding, pursuant to the Liberty Global Europe Note, as defined and described below.

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

(i) Represents amounts due to Liberty Global Broadband I Limited (**Liberty Global Broadband Limited**) pursuant to the Liberty Global Broadband Note, as defined and described below. As of December 31, 2014, the outstanding balance under the Liberty Global Broadband Note was due to Liberty Global Broadband II Limited (**Liberty Global Broadband II**). During the first quarter of 2015, the Liberty Global Broadband Note was novated from Liberty Global Broadband II to Liberty Global Broadband Limited. Liberty Global Broadband Limited and Liberty Global Broadband II are both subsidiaries of Liberty Global.

(j) Represents an amount that was owed to Liberty Global Services, a subsidiary of Liberty Global, as further described below.

(k) Represents an amount that was owed to Liberty Global Europe pursuant to the 2012 Liberty Global Europe Note, as defined and described below.

(l) Represents an amount that was owed to Unitymedia Hessen, as further described below.

(m) Amounts represent other interest-bearing borrowings pursuant to related-party loan agreements.

General Information

Credit Facilities. We have entered into two credit facilities agreements with certain financial institutions (the "**credit facilities"**). Our credit facilities contain certain covenants and restrictions, the more notable of which are as follows:

- Our credit facilities contain certain consolidated net leverage ratios, as specified in the respective credit facility, which are required to be complied with on an incurrence and/or maintenance basis;

- Our credit facilities contain certain restrictions which, among other things, restrict the ability of certain of our subsidiaries to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets, in each case, subject to certain customary and agreed exceptions and (iv) make certain restricted payments to their direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants;

- Our credit facilities require that certain subsidiaries of Ziggo Group Holding (i) guarantee the payment of all sums payable under the relevant credit facility and (ii) grant first-ranking security over their shares and certain intercompany loan receivables to secure the payment of all sums payable thereunder;

- In addition to certain mandatory prepayment events, the instructing group of lenders under each credit facility may cancel the commitments thereunder and declare the loans thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the credit facility);

- Our credit facilities contain certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the instructing group of lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand;

- Our credit facilities require that we observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions; and

- In addition to customary default provisions, our credit facilities include cross-default provisions with respect to our other indebtedness, subject to agreed minimum thresholds and other customary and agreed exceptions.

Senior and Senior Secured Notes. Ziggo Bond Company B.V. (**Ziggo Bondco**) and Ziggo B.V. have issued certain senior and senior secured notes, respectively. Ziggo B.V. is a wholly-owned subsidiary of Ziggo Bondco, which is a wholly-owned subsidiary of Ziggo Holding. In general, our senior and senior secured notes are senior obligations of each respective issuer that rank equally with all of the existing and future senior debt of such issuer and are senior to all existing and future subordinated debt of each respective issuer. Our senior secured notes (i) contain certain guarantees from other subsidiaries of Ziggo Group Holding (as specified in the applicable indenture) and (ii) are secured by certain pledges or liens over the assets and/or shares of certain subsidiaries of Ziggo Group Holding. In addition, the indentures governing our senior notes contain certain covenants, the more notable of which are as follows:

- Our notes contain (i) certain customary incurrence-based covenants and (ii) contain certain restrictions that, among other things, restrict our ability to (a) incur or guarantee certain financial indebtedness, (b) make certain disposals and acquisitions, (c) create certain security interests over our assets, in each case, subject to certain customary and agreed exceptions and (d) make certain restricted payments to our direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants;

- Our 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 the issuer or certain of our subsidiaries, over agreed minimum thresholds (as specified under the applicable indenture) is an event of default under the respective notes; and

- If the issuer or certain of its subsidiaries (as specified in the applicable indenture) sell certain assets, such issuer must offer to repurchase the applicable notes at par, or if a change of control (as specified in the applicable indenture) occurs, such issuer must offer to repurchase all of the relevant notes at a redemption price of 101%.

SPE Notes. In contemplation of the Ziggo Services Transfer, Liberty Global formed two special purpose financing entities: (i) Ziggo Bond Finance B.V. (**Ziggo Bond Finance**) and (ii) its subsidiary, Ziggo Secured Finance B.V. (**Ziggo Secured Finance**, together with Ziggo Bond Finance, the **Ziggo SPEs**). The primary purpose of the Ziggo SPEs was to facilitate (a) the issuance of the Ziggo SPE Notes (as defined and described below) and (b) the creation of the New Ziggo Credit Facility, as defined and described below. The Ziggo SPEs are wholly owned by a Dutch foundation.

As further described below, the Ziggo SPEs used the proceeds from the issuance of the Ziggo SPE Notes to fund term loan facilities to the Ziggo Proceeds Loan Borrowers (as defined below). Each of the Ziggo SPEs is dependent on payments from the applicable Ziggo Proceeds Loan Borrowers in order to service its payment obligations under the applicable Ziggo SPE Notes. None of the Ziggo Proceeds Loan Borrowers, or any of their respective subsidiaries, guarantee or provide any credit support for the Ziggo SPEs' obligations under the Ziggo SPE Notes, however certain subsidiaries of Ziggo Group Holding have agreed to be bound by the covenants in the indentures governing the Ziggo SPE Notes and guarantee the obligations under the Ziggo Proceeds Loans (as defined and described below). Although the Ziggo Proceeds Loan Borrowers have no equity or voting interest in any of the Ziggo SPEs, each of the Ziggo Proceeds Loans creates a variable interest in the respective Ziggo SPE for which the applicable Ziggo Proceeds Loan Borrower is the primary beneficiary. As such, the Ziggo Proceeds Loan Borrowers and their parent entities, including Ziggo Group Holding, are required to consolidate the Ziggo SPEs. Accordingly, the amounts outstanding under the Ziggo Proceeds Loans are eliminated in our consolidated financial statements.

Pursuant to the respective indentures for the Ziggo SPE Notes (the **Ziggo SPE Indentures**) and the respective accession agreements for the Ziggo Proceeds Loans, the call provisions, maturity and applicable interest rate for each of the Ziggo Proceeds Loans are the same as those of the related Ziggo SPE Notes. Through the covenants in the applicable Ziggo SPE Indentures and the respective covenant agreements between the Ziggo SPEs and the Ziggo Proceeds Loan Borrowers, the holders of the Ziggo SPE Notes are provided indirectly with the benefits, rights, protections and covenants granted of the group.

Ziggo Credit Facilities

The Ziggo Credit Facilities are the senior secured credit facilities of certain subsidiaries of Ziggo Group Holding. The details of our borrowings under the Ziggo Credit Facilities as of December 31, 2015 are summarized in the following table:

Ziggo Credit Facility	Maturity	Interest rate	Facility amount (in borrowing currency) (a)	Unused borrowing capacity (b)	Carrying value (c)
				in millions	
Ziggo Dollar Facility	January 15, 2022	LIBOR + 2.75% (d)	$ 2,350.0	€ —	€ 2,134.8
Ziggo Euro Facility	January 15, 2022	EURIBOR + 3.00% (e)	€ 2,000.0	—	1,982.3
Ziggo Proceeds Loans:					
Ziggo Senior Secured Proceeds Loan (f)	January 15, 2025	3.750%	€ 800.0	—	800.0
Ziggo Senior Proceeds Loans:					
Ziggo Euro Senior Proceeds Loan (f)	January 15, 2025	4.625%	€ 400.0	—	400.0
Ziggo Dollar Senior Proceeds Loan (f)	January 15, 2025	5.875%	$ 400.0	—	368.1
New Ziggo Credit Facility (g)	March 31, 2021	EURIBOR + 3.75%	€ 689.2	—	689.2
Ziggo Revolving Facilities (h)	June 30, 2020	(h)	€ 800.0	800.0	—
Elimination of the Ziggo Proceeds Loans in consolidation (f)				—	(1,568.1)
Total				€ 800.0	€ 4,806.3

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

(b) At December 31, 2015, based on the applicable leverage and other financial covenants, our availability under the Ziggo Credit Facilities was limited to €570.2 million. When the relevant December 31, 2015 compliance reporting requirements have been completed and assuming no changes to the December 31, 2015 borrowing levels, we anticipate that our availability under the Ziggo Revolving Facilities will be limited to €601.6 million.

(c) The carrying values of the Ziggo Dollar Facility and the Ziggo Euro Facility include the impact of discounts.

(d) The Ziggo Dollar Facility has a LIBOR floor of 0.75%.

(e) The Ziggo Euro Facility has a EURIBOR floor of 0.75%.

(f) As further discussed in the below description of the Ziggo SPE Notes, the amounts outstanding under the Ziggo Proceeds Loans, are eliminated in our consolidated financial statements.

(g) In connection with the Ziggo Services Transfer, lenders under a bank facility at UPC Broadband Holding B.V. (**UPC Broadband Holding**), another subsidiary of Liberty Global, agreed to roll a €689.2 million facility into new term loans (the **SPV Term Loans**) under a new senior secured credit facility with Ziggo Secured Finance as the borrower (the **New Ziggo Credit Facility**). This transaction (the **Term Loan Roll**) is reflected as a non-cash distribution in connection with the novation of third-party debt from another subsidiary of Liberty Global in our consolidated statement of owners' equity. As a result of the Term Loan Roll, the SPV Term Loans rolled into the New Ziggo Credit Facility on a cashless basis, and a receivable was created owing from Ziggo Services to Ziggo Secured Finance. This receivable was funded on a cashless basis as one facility (the **Rollover Loan**) subject to the terms of the Ziggo Senior Secured Proceeds Loan Facility, as defined below. The New Ziggo Credit Facility ranks equally with the Ziggo 2025 Senior Secured Notes, as defined below, including with respect to the proceeds of enforcement of the notes collateral, as specified in the indenture, and the Rollover Loan ranks equally with the Ziggo Senior Secured Proceeds Loan, as defined below.

(h) The Ziggo Revolving Facilities include (i) a €750.0 million facility that bears interest at EURIBOR plus a margin of 2.75% and has a fee on unused commitments of 1.1% per year and (ii) a €50.0 million facility that bears interest at EURIBOR plus a margin of 2.00% and has a fee on unused commitments of 0.8% per year.

On January 27, 2014, in connection with Liberty Global's then pending acquisition of Ziggo Holding, Ziggo B.V. and certain of its subsidiaries entered into (i) the Ziggo Dollar Facility, (ii) the Ziggo Euro Facility and (iii) an aggregate €650.0 million under the Ziggo Revolving Facilities, which increased to €800.0 million in July 2015, as further described below. The Ziggo Dollar Facility, the Ziggo Euro Facility and the Ziggo Revolving Facilities are collectively referred to herein as the "**Ziggo Credit Facility**."

Also on January 27, 2014, HoldCo VII entered into (i) a €434.0 million term loan facility (the **Ziggo Acquisition Facility**) and (ii) a euro-denominated revolving credit facility in an aggregate principal amount of €650.0 million (the **Ziggo Acquisition Revolving Facility**). Upon completion of the Ziggo Acquisition, (a) the Ziggo Acquisition Facility was rolled into the Ziggo Euro Facility and (b) the Ziggo Acquisition Revolving Facility was cancelled.

Ziggo SPE Notes

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

Ziggo SPE Notes	Maturity	Interest rate	Outstanding principal amount: Borrowing currency	Outstanding principal amount: Euro equivalent	Estimated fair value	Carrying value
				in millions		
Ziggo 2025 Senior Secured Notes	January 15, 2025	3.750%	€ 800.0	€ 800.0	€ 741.0	€ 800.0
Ziggo 2025 Euro Senior Notes	January 15, 2025	4.625%	€ 400.0	400.0	372.8	400.0
Ziggo 2025 Dollar Senior Notes	January 15, 2025	5.875%	$ 400.0	368.1	342.8	368.1
Total				€ 1,568.1	€ 1,456.6	€ 1,568.1

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

Upon the occurrence of a Ziggo Early Redemption Event on or after January 15, 2020, the applicable Ziggo SPE will redeem an aggregate principal amount of its Ziggo SPE Notes equal to the principal amount of the related Ziggo Proceeds Loans prepaid at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the redemption date, as set forth below:

	Redemption price		
	Ziggo 2025 Dollar Senior Notes	**Ziggo 2025 Euro Senior Notes**	**Ziggo 2025 Senior Secured Notes**
12-month period commencing January 15:			
2020	102.938%	102.313%	101.875%
2021	101.958%	101.542%	101.250%
2022	100.979%	100.771%	100.625%
2023 and thereafter	100.000%	100.000%	100.000%

2015 Refinancing Transactions. On January 29, 2015, Ziggo Bond Finance issued (i) the Ziggo 2025 Dollar Senior Notes and (ii) the Ziggo 2025 Euro Senior Notes, the proceeds of which were used to fund the Ziggo Senior Proceeds Loans, with UPC Nederland Holding I B.V. as the borrower.

On February 4, 2015, Ziggo Secured Finance issued the Ziggo 2025 Senior Secured Notes and used such proceeds to fund the Ziggo Senior Secured Proceeds Loans, with UPC Nederland Holding III B.V. as the borrower. UPC Nederland Holding I B.V. and UPC Nederland Holding III B.V. are collectively referred to as the "**Ziggo Proceeds Loan Borrowers**".

The net proceeds of the Ziggo SPE Notes, and ultimately the net proceeds from the Ziggo Proceeds Loans, were placed into certain escrow accounts and were released from escrow on March 5, 2015, upon the Ziggo Services Transfer being consummated. The proceeds from the issuance of the Ziggo 2025 Euro Senior Notes and the Ziggo 2025 Senior Secured Notes, and ultimately the aggregate €1,200.0 million of proceeds from the Ziggo Euro Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan, were released from the escrow account and distributed directly to UPC Financing Partnership, a subsidiary of UPC Broadband Holding and, as such, represents a non-cash issuance of debt. The proceeds from the Ziggo 2025 Dollar Senior Notes, and ultimately the Ziggo Dollar Senior Proceeds Loan, were received by Ziggo Bond Finance with €334.5 million being distributed to UPC Financing Partnership upon being released from escrow. This distribution, together with the distribution of the Ziggo Euro Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan, were used to redeem a portion of the outstanding indebtedness of a subsidiary of UPC Broadband Holding. Prior to the Ziggo Services Transfer, UPC Broadband Holding indirectly owned 100% of Ziggo Services. In consideration for the distribution of the Ziggo Proceeds Loans to UPC Financing Partnership, we entered into the Liberty Global Europe Holding Receivable, as defined and described in note 12.

Ziggo Notes

The details of the Ziggo Notes as of December 31, 2015 are summarized in the following table:

Ziggo Notes	**Maturity**	**Interest rate**	**Borrowing currency**	**Estimated fair value**	**Carrying value (a)**
				in millions	
Ziggo 2020 Euro Senior Secured Notes	March 27, 2020	3.625%	€ 71.7	€ 71.3	€ 73.5
Ziggo 2024 Euro Senior Notes	May 15, 2024	7.125%	€ 743.1	807.7	810.1
Total				€ 879.0	€ 883.6

(a) Amounts include the impact of premiums.

The Ziggo 2020 Euro Senior Secured Notes are non-callable. At any time prior to maturity, Ziggo B.V. may redeem some or all of the Ziggo 2020 Euro Senior Secured Notes by paying a "make-whole" premium, which is the present value at such redemption date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

The Ziggo 2024 Euro Senior Notes are non-callable until May 15, 2019. At any time prior to May 15, 2019, Ziggo Bondco may redeem some or all of the Ziggo 2024 Euro Senior Notes by paying a "make-whole" premium. Ziggo Bondco may redeem some or all of the Ziggo 2024 Euro Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the redemption date, as set forth below:

	Redemption price
12-month period commencing May 15:	
2019	103.563%
2020	102.375%
2021	101.188%
2022 and thereafter	100.000%

Ziggo Margin Loan

On April 26, 2013, HoldCo V entered into the Ziggo Margin Loan with a financial institution. The initial facility under the Ziggo Margin Loan provided for borrowings of up to 65.0% of the value of the Ziggo Holding shares pledged on the date prior to the date of utilization. The initial facility had a maturity date of April 26, 2016 and bore interest at a rate of EURIBOR plus 2.85% per annum. The initial facility had a requirement for repayment of the initial facility if the loan-to-value ratio was equal to or greater than 80.0% (after taking into account any cash collateral deposited on account for the lenders). On May 30, 2013, the full amount of the initial tranche of the Ziggo Margin Loan was drawn in the amount of €460.0 million and secured with a pledge of 25,300,000 Ziggo Holding shares. On July 24, 2013, an additional 2,000,000 of Ziggo Holding shares were pledged as security for the Ziggo Margin Loan. The net proceeds of €458.4 million from the issuance of the Ziggo Margin Loan were loaned by HoldCo V to a Liberty Global subsidiary outside of Ziggo Group Holding pursuant to a promissory note (the **HoldCo V Note Receivable**). In December 2013, the principal and interest due under the HoldCo V Note Receivable were converted to equity, resulting in a €493.6 million non-cash decrease to parent's equity in our consolidated statement of owners' equity.

During the first quarter of 2014, we repaid the full amount of the Ziggo Margin Loan. In connection with this transaction, we recognized a €1.9 million loss on extinguishment of debt related to the write-off of deferred financing costs.

Related-party Debt

Liberty Global Europe Note

In July 2015, we issued a note payable to Liberty Global Europe (the **Liberty Global Europe Note**). The Liberty Global Europe Note matures on July 1, 2020 and has a fixed interest rate of 4.48%. Accrued interest is included in other long-term liabilities until it is transferred to the loan balance on January 1 of each year. As of December 31, 2015, accrued interest on the Liberty Global Europe Note was €53.9 million. The net increase in the principal balance during 2015 includes (i) an increase of €3,926.0 million related to a transfer of principal from the Liberty Global Broadband Note, (ii) a decrease of €1,640.5 million related to a non-cash settlement against the Liberty Global Europe Holding Receivable (as defined and described in note 12), (iii) a net decrease €290.5 million related to cash payments and (v) a decrease of €0.4 million related to other non-cash settlements. During 2015, none of the debt repayments were payments of interest.

Liberty Global Broadband Note

During 2014, we issued a note payable to Liberty Global Broadband Limited (the **Liberty Global Broadband Note**). The Liberty Global Broadband Note matures on May 15, 2025 and has a fixed interest rate of 5.13%. Accrued interest is included in other long-term liabilities until it is transferred to the loan balance on January 1 of each year. As of December 31, 2015 and 2014, accrued interest on the Liberty Global Broadband Note was €167.8 million and €30.9 million, respectively. The net decrease in the principal balance during 2015 includes (i) a decrease of €3,926.0 million related to a non-cash transfer of principal to the Liberty Global Europe Note, (ii) a decrease of €207.2 million related to non-cash settlements, as further described in note 12, (iii) a decrease of €172.5 million representing the then fair value of certain derivative instruments that were novated to us from UPC Broadband Holding and (iv) an increase of €30.9 million resulting from the transfer of accrued interest. The net increase in the principal balance during 2014 includes (a) a non-cash increase of €3,936.1 million related to the Ziggo Acquisition, as further described in note 4, (b) cash advances of €1,050.9 million, (c) a non-cash increase of €553.3 million related to the Ziggo NCI Acquisition, (d) repayments of €355.0 million, (e) a non-cash increase of €191.9 million related to the acquisition of Ziggo Holding shares from another Liberty Global subsidiary outside of Ziggo Group Holding prior to the Ziggo Acquisition and (f) other non-cash increases aggregating €20.5 million, primarily related to settlement of accrued interest on other related-party payables. During 2014, none of the debt repayments were payments of interest.

Liberty Global Services Note

In December 2011, in connection with transactions whereby we converted net operating losses into additional tax basis in network assets (the **Network Transfer**), we issued a note payable to Liberty Global Services (the **Liberty Global Services Note**). In addition, in connection with the Network Transfer, UPC Western Europe issued to our company the UPC Western Europe Loan Receivable, as defined and described in note 12. The original principal balance of the Liberty Global Services Note and the UPC Western Europe Loan Receivable were equivalent and, therefore, no cash was exchanged between the related parties involved in the transaction. The Liberty Global Services Note bore interest at 7.72%.

Beginning in 2014, accrued interest on the Liberty Global Services Note was included in other long-term liabilities until January 1 of each fiscal year when it was transferred to the loan balance. As of December 31, 2014, accrued interest on the Liberty Global Services Note was €80.2 million.

During the first quarter of 2015 and in connection with the Ziggo Services Transfer and the HoldCo VI Transfer, €881.5 million of the outstanding principal under the Liberty Global Services Note was settled against the UPC Western Europe Loan Receivable, as defined and described in note 12. In addition, the remaining outstanding principal and interest of €120.8 million was converted to equity. This conversion resulted in an increase to parent's equity in our consolidated statement of owners' equity. The decrease in the principal balance during 2014 relates to a €102.5 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Western Europe Loan Receivable. The decrease in the principal balance during 2013 includes (i) a €109.2 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Western Europe Loan Receivable, (ii) a €4.6 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Broadband Loan Receivable and (iii) individually insignificant net non-cash decreases aggregating €0.3 million. Additionally, in December 2013, accrued interest of (a) €77.8 million was settled against accrued interest outstanding pursuant to the UPC Western Europe Loan Receivable and (b) €10.8 million, representing the interest rate differential between the Liberty Global Services Note and the UPC Western Europe Loan Receivable, was settled against the UPC Broadband Loan Receivable.

2012 Liberty Global Europe Note

On March 16, 2012, UPC Equipment entered into a loan agreement with Liberty Global Europe (the **2012 Liberty Global Europe Note**). As further described in note 1, we no longer consolidate UPC Equipment subsequent to December 31, 2014. As a result, effective January 1, 2015, the 2012 Liberty Global Europe Note is no longer included in our consolidated financial statements. The 2012 Liberty Global Europe Note bore interest at 9.29%. Accrued interest of €5.7 million as of December 31, 2014 on the 2012 Liberty Global Europe Note was included in other long-term liabilities in our consolidated balance sheet. The net increase in the principal balance during 2014 includes (i) cash borrowings of €34.4 million, (ii) the transfer of €2.4 million in non-cash accrued interest to the loan balance and (iii) cash payments of €0.1 million. The net increase in the principal balance during 2013 includes (a) cash borrowings of €26.3 million, (b) the transfer of €0.7 million in non-cash accrued interest to the loan balance, (c) cash payments of €0.3 million and (d) individually insignificant net non-cash decreases aggregating €0.2 million. During 2014 and 2013, none of the debt repayments were payments of interest.

Unitymedia Hessen Note

On August 2, 2013, UMI entered into a loan agreement with Unitymedia Hessen (the **Unitymedia Hessen Note**). As further described in note 1, we no longer consolidate UMI subsequent to December 31, 2014. As a result, effective January 1, 2015, the Unitymedia Hessen Note is no longer included in our consolidated financial statements. The Unitymedia Hessen Note bore interest at 2.47%. Accrued interest of €0.8 million as of December 31, 2014 on the Unitymedia Hessen Note was included in other long-term liabilities in our consolidated balance sheet. The net decrease in the principal balance during 2014 includes (i) cash payments of €38.6 million, (ii) cash borrowings of €33.0 million and (iii) the transfer of €0.1 million in non-cash accrued interest to the loan balance. The net increase in the principal balance during 2013 includes (a) cash borrowings of €43.3 million and (b) cash payments of €10.3 million. During 2014 and 2013, none of the debt repayments were payments of interest.

Maturities of Debt and Capital Lease Obligations

The euro equivalents of the maturities of our debt and capital lease obligations as of December 31, 2015 are presented below:

Debt:

	Third-party debt (a)	Related-party debt	Total
		in millions	
Year ending December 31:			
2016	€ 115.7	€ —	€ 115.7
2017	0.4	—	0.4
2018	—	—	—
2019	—	—	—
2020	71.7	—	71.7
Thereafter	7,163.1	3,126.4	10,289.5
Total debt maturities	7,350.9	3,126.4	10,477.3
Unamortized premium, net	23.2	—	23.2
Total debt	€ 7,374.1	€ 3,126.4	€ 10,500.5
Current portion	€ 115.7	€ —	€ 115.7
Noncurrent portion	€ 7,258.4	€ 3,126.4	€ 10,384.8

(a) Amounts include the Ziggo SPE Notes issued by the Ziggo SPEs. As described above, we consolidate the Ziggo SPEs.

Capital Lease Obligations (in millions):

Year ending December 31:	
2016	€ 4.2
2017	2.3
2018	1.0
2019	0.2
2020	—
Thereafter	—
Total principal and interest payments	7.7
Amounts representing interest	(0.6)
Present value of net minimum lease payments	€ 7.1
Current portion	€ 3.9
Noncurrent portion	€ 3.2

(11) Income Taxes

Our consolidated financial statements include the income taxes on a separate return basis (i) of Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, (ii) of HoldCo VI Dutch Fiscal Unity and (iii) during 2014 and 2013, of (a) UPC Equipment, (b) UPC International and (c) UMI based on the local tax law.

Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, is part of the Liberty Global Holding Dutch Fiscal Unity. The Liberty Global Holding Dutch Fiscal Unity combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Related-party tax allocations to our company from other Liberty Global Holding subsidiaries within the Liberty Global Holding Dutch Fiscal Unity are not subject to tax-sharing agreements, and no cash payments are made between the companies related to the Dutch tax attributes. Accordingly, related-party tax allocations are reflected as an adjustment of parent's equity in our consolidated statements of owners' equity.

Furthermore, UMI has entered into a tax integration agreement and a profit-sharing agreement with its immediate parent, Unitymedia Hessen, which is primarily liable for the related tax obligations. As a result, UMI's income is fully attributed to Unitymedia Hessen and no provision for income taxes has been made in our consolidated financial statements for UMI on a separate return basis for the years ended December 31, 2014 and 2013. Effective January 1, 2015, we no longer consolidate UMI. For more information regarding the deconsolidation of UMI, see note 1.

The details of our current and deferred income tax benefit (expense) consists of:

	Year ended December 31,		
	2015	2014 (a)	2013 (a)
		in millions	
Deferred income tax benefit (expense)	€ 108.8	€ 39.4	€ (18.6)
Related-party allocation of current tax benefit (expense)	12.4	(73.1)	(59.0)
Current income tax receivable	2.8	—	—
Total income tax benefit (expense)	€ 124.0	€ (33.7)	€ (77.6)

(a) As retrospectively revised – see note 1.

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

	Year ended December 31,		
	2015	2014 (a)	2013 (a)
		in millions	
Computed "expected" tax benefit (expense)	€ 110.9	€ (51.4)	€ (123.6)
Tax benefit associated with technology innovations	19.0	2.1	—
Non-deductible or non-taxable interest and other expenses	(11.8)	(21.8)	(1.7)
Recognition of previously unrecognized tax benefits	8.4	1.3	—
Basis and other differences in the treatment of items associated with investment in subsidiaries and affiliates	(2.6)	37.6	49.1
Other, net	0.1	(1.5)	(1.4)
Total income tax benefit (expense)	€ 124.0	€ (33.7)	€ (77.6)

(a) As retrospectively revised – see note 1.

The current and non-current components of our deferred tax liabilities are as follows:

	December 31,	
	2015 (a)	2014 (b)
	in millions	
Current deferred tax assets	€ —	€ 18.7
Non-current deferred tax assets (c)	128.2	143.5
Non-current deferred tax liabilities	(694.9)	(863.7)
Net deferred tax liabilities	€ (566.7)	€ (701.5)

(a) In accordance with ASU 2015-17, all of our deferred tax balances are reflected as noncurrent in our December 31, 2015 balance sheet. Our December 31, 2014 deferred tax balances have not been retroactively revised. For further information, see note 2.

(b) As retrospectively revised – see note 1.

(c) Our non-current deferred tax assets are included in other assets, net, in our consolidated balance sheets.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	December 31,	
	2015	2014 (a)
	in millions	
Deferred tax assets:		
Property and equipment, net	€ 126.4	€ 124.9
Debt	121.3	86.8
Net operating loss and other carryforwards	80.4	146.6
Derivative instruments	11.7	16.4
Other future deductible amounts	2.2	0.1
Deferred tax assets	342.0	374.8
Valuation allowance	(0.5)	(3.8)
Deferred tax assets, net of valuation allowance	341.5	371.0
Deferred tax liabilities:		
Intangible assets	(853.5)	(958.7)
Property and equipment, net	(50.7)	(111.7)
Other future taxable amounts	(4.0)	(2.1)
Deferred tax liabilities	(908.2)	(1,072.5)
Net deferred tax liabilities	€ (566.7)	€ (701.5)

(a) As retrospectively revised – see note 1.

Although we intend to take reasonable tax planning measures to limit our tax exposures, no assurance can be given that we will be able to do so.

We and our subsidiaries file consolidated and standalone income tax returns in various jurisdictions. In the normal course of business, our income tax filings are subject to review by various taxing authorities. In connection with such reviews, disputes could arise with the taxing authorities over the interpretation or application of certain income tax rules related to our business in that tax jurisdiction. Such disputes may result in future tax and interest and penalty assessments by these taxing authorities. The ultimate resolution of tax contingencies will take place upon the earlier of (i) the settlement date with the applicable taxing authorities in either cash or agreement of income tax positions or (ii) the date when the tax authorities are statutorily prohibited from adjusting the company's tax computations.

In general, tax returns filed by our company or our subsidiaries for years prior to 2013 are no longer subject to examination by tax authorities.

The changes in our unrecognized tax benefits are summarized below:

	2015	2014 (a)	2013 (a)
		in millions	
Balance at January 1	€ 8.4	€ 1.3	€ —
Additions based on tax positions related to the current year	—	8.4	1.3
Reductions for tax positions of prior years	(8.4)	(1.3)	—
Balance at December 31	€ —	€ 8.4	€ 1.3

(a) As retrospectively revised – see note 1.

(12) Related-party Transactions

Our related-party transactions are as follows:

	Year ended December 31,		
	2015	2014 (a)	2013 (a)
		in millions	
Revenue	€ 1.9	€ 2.3	€ 1.6
Operating expenses	(36.7)	(28.7)	(29.4)
SG&A expenses	(3.4)	0.1	(1.8)
Allocated share-based compensation expense:			
Included in operating expenses	—	(0.3)	(0.2)
Included in SG&A expenses	(6.5)	(5.3)	(1.1)
Fees and allocations:			
Operating and SG&A related (exclusive of depreciation and share-based compensation)	(63.5)	(40.8)	(31.8)
Depreciation	(35.1)	(22.0)	(17.2)
Share-based compensation	(26.6)	(5.3)	(2.8)
Management fee	(27.2)	(20.3)	(32.5)
Total fees and allocations	(152.4)	(88.4)	(84.3)
Included in operating income	(197.1)	(120.3)	(115.2)
Interest expense	(222.9)	(146.5)	(91.7)
Interest income	16.3	132.7	123.2
Related-party allocation of current tax benefit (expense)	12.4	(73.1)	(59.0)
Included in net earnings	€ (391.3)	€ (207.2)	€ (142.7)
Property and equipment additions, net	€ 121.6	€ 58.8	€ 82.1

(a) As retrospectively revised – see note 1.

General. Certain Liberty Global subsidiaries charge fees and allocate costs and expenses to our company. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Through June 30, 2014, our related-party operating and SG&A expenses and our related-party fees and allocations generally were based on our company's estimated share of the applicable estimated costs (including personnel-related and other costs associated with the services provided) incurred by the applicable Liberty Global subsidiaries. The estimated amounts charged were reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The revisions to reflect the actual costs underlying our related-party fees and allocations for 2013 and 2012 amounted to increases of €0.7 million and €4.6 million, respectively, in our billings from a subsidiary of Liberty Global, which amounts were recorded during the first quarters of 2014 and 2013, respectively. The revisions to reflect actual costs for our related-party operating and SG&A expenses for 2013 and 2012 were not material. During the third quarter of 2014, Liberty Global and its subsidiaries began basing the fees charged and amounts allocated on actual costs incurred. As a result, during the third quarter of 2014, we recorded a €7.7 million increase to the fees and allocations charged to our company by a subsidiary of Liberty Global to reflect the impact of this change in methodology as of January 1, 2014. The impact of this change in methodology on our related-party operating and SG&A expenses was not material. Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. Except as noted below, our related-party transactions are generally cash settled.

During the first quarter of 2015, Liberty Global transferred certain entities that incur central and other administrative costs (the **Corporate Entities Transfer**) from one subsidiary to certain other Liberty Global subsidiaries that are outside of Liberty Global's borrowing groups. In connection with the Corporate Entities Transfer, Liberty Global changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another. This new methodology, which is intended to ensure that Liberty Global continues to allocate its central and administrative costs to its borrowing groups on a fair and rational basis, impacts the calculation of the "EBITDA" metric specified by our debt agreements (**Covenant EBITDA**). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to our company would decrease (increase).

Revenue. Amounts represent charges for certain commercial telephony services provided to other Liberty Global subsidiaries and affiliates.

Operating expenses. Amounts represent charges from other Liberty Global subsidiaries and affiliates. Such amounts consist of (i) charges of €30.6 million, €22.2 million and €25.2 million during 2015, 2014 and 2013, respectively, for programming and related services provided to our company, (ii) charges of €4.0 million, €6.5 million and €4.2 million during 2015, 2014 and 2013, respectively, for certain customer premises equipment, backbone and other network-related services provided to our company and (iii) charges of €2.1 million during 2015, primarily for outsourced labor and professional services provided to our company.

SG&A expenses. Amounts consist primarily of charges for information technology-related and other services provided to our company by other Liberty Global subsidiaries.

Allocated share-based compensation expense. Amounts are allocated to our company by Liberty Global and represent share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries.

Fees and allocations. These amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's operations, including, during 2014 and 2013, the use of the UPC trademark. These charges may be cash or loan settled. The categories of our fees and allocations are as follows:

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

- *Depreciation*. The amounts included in this category, which are generally cash settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.

- *Share-based compensation*. The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.

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

During the first three quarters of 2014, a subsidiary of Liberty Global allocated technology-based costs to our company and other Liberty Global subsidiaries based on each subsidiaries' estimated proportionate share of these costs. During the fourth quarter of 2014, the approach used to charge technology-based fees was changed to a royalty-based method. For 2015 and 2014, our proportional share of the technology-based costs of €85.5 million and €50.5 million, respectively, was €25.0 million and €37.0 million, respectively, more than the royalty-based technology fee charged under the new approach. Accordingly, these excess amounts have been reflected as deemed contributions of technology-related services in our consolidated statements of owners' equity. The charges under the new royalty-based fee are expected to escalate in future periods. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as a management fee and added back to arrive at Covenant EBITDA.

Interest expense. Amounts primarily relate to (i) during 2015, the Liberty Global Broadband Note and the Liberty Global Europe Note, (ii) during 2014, the Liberty Global Services Note, the Liberty Global Broadband Note and the 2012 Liberty Global Europe Note and (iii) during 2013, the Liberty Global Services Note and the 2012 Liberty Global Europe Note. For additional information, see note 10.

Interest income. Amounts primarily relate to the UPC Western Europe Loan Receivable, the UPC Broadband Loan Receivable and the 2013 UPC Broadband Loan Receivable (each as defined and described below). In addition, the 2013 amount includes interest income on the HoldCo V Note Receivable (as defined and described in note 10).

Related-party allocation of current tax benefit (expense). Amounts represent related-party tax allocations from other Liberty Global Holding subsidiaries within the Liberty Global Holding Dutch Fiscal Unity. For additional information, see note 11.

Property and equipment additions, net. These amounts, which are generally cash settled, represent the net carrying values of (i) customer premises and network-related equipment acquired from other Liberty Global subsidiaries, which subsidiaries centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries, and (ii) equipment transferred to other Liberty Global subsidiaries outside of Ziggo Group Holding. The excess of the consideration received over the aggregate carrying values of the equipment transferred to Liberty Global subsidiaries outside of Ziggo Group Holding is recorded as an increase to parent's equity in our consolidated statements of owners' equity. Conversely, the excess of the carrying value over consideration received for property and equipment transferred to Liberty Global subsidiaries outside of Ziggo Group Holding is recorded as a decrease to parent's equity in our consolidated statements of owners' equity.

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

	December 31, 2015	December 31, 2014 (a)
	in millions	
Assets:		
Related-party receivables (b)	€ 8.4	€ 8.7
Loans receivable:		
UPC Western Europe Loan Receivable (c)	—	922.1
UPC Broadband Loan Receivable (d)	—	853.1
Total loans receivable	—	1,775.2
Other assets, net (e)	—	132.7
Total assets	€ 8.4	€ 1,916.6
Liabilities:		
Accounts payable (f)	€ 83.5	€ 17.5
Accrued and other current liabilities (f)	73.4	35.7
Accrued interest	0.2	0.3
Debt and capital lease obligations (g)	3,133.3	6,449.5
Other long-term liabilities (h)	222.3	117.6
Total liabilities	€ 3,512.7	€ 6,620.6

(a) As retrospectively revised – see note 1.

(b) Includes current receivables from other Liberty Global subsidiaries, including amounts that result from cash advances to Liberty Global Europe and other Liberty Global subsidiaries. The receivable balances resulting from these cash advances are periodically transferred to existing note receivable balances or settled against existing note payable balances, each on a non-cash basis. These cash advances are included in related-party receipts (payments), net, in our consolidated statements of cash flows.

(c) Represents loans receivable from UPC Western Europe (collectively, the **UPC Western Europe Loan Receivable**) issued in connection with the Network Transfer and the related issuance of the Liberty Global Services Note. The interest rate on the UPC Western Europe Loan Receivable was 6.80%. Beginning in 2014, accrued interest on the UPC Western Europe Loan Receivable was included in other assets, net, until January 1 of each fiscal year and then it was transferred to the loan balance. At December 31, 2014, accrued interest of €70.6 million on the UPC Western Europe Loan Receivable was included in other assets, net, in our consolidated balance sheet. During 2015, 2014 and 2013, interest income earned on the UPC Western Europe Loan Receivable was €1.4 million, €70.6 million and €77.8 million, respectively. During the first quarter of 2015, (i) €881.5 million of principal due under the UPC Western Europe Loan Receivable was non-cash settled against the Liberty Global Services Note, as further described in note 10, and (ii) the remaining amount outstanding of €112.6 million, which represents €111.2 million of principal and €1.4 million of accrued interest, was converted to equity, resulting in a non-cash decrease to parent's equity in our consolidated statement of owners' equity. The decreases in the principal amounts of the UPC Western Europe Loan Receivable during 2014 and 2013 relate to non-cash settlements of amounts outstanding pursuant to the Liberty Global Services Note of €102.5 million and €109.2 million, respectively. Additionally, in December 2013, accrued interest of €77.8 million was settled against accrued interest outstanding pursuant to the Liberty Global Services Note.

(d) Represents a loan receivable from UPC Broadband Holding (the **UPC Broadband Loan Receivable**) that originated in 2012. The interest rate on the UPC Broadband Loan Receivable was 9.29%. Accrued interest on the UPC Broadband Loan Receivable was included in other assets, net, until January 1 of each fiscal year when it was transferred to the loan balance. At December 31, 2014, accrued interest of €62.1 million on the UPC Broadband Loan Receivable was included in other assets, net, in our consolidated balance sheet. During 2015, 2014 and 2013, interest income earned on the UPC Broadband Loan Receivable was €14.9 million, €62.1 million and €30.7 million, respectively. During the first quarter of 2015, (i) €89.3 million of cash repayments were received on the outstanding principal balance of the UPC Broadband Loan Receivable and (ii) the remaining €840.8 million, which represents €825.9 million of principal and €14.9 million of accrued interest, was converted to equity and is reflected as a non-cash decrease to parent's equity in our consolidated statement of owners' equity. The net increase in the principal balance of the UPC Broadband Loan Receivable during 2014 includes (a) cash loaned of €908.0 million, (b) cash received of €574.0 million and (c) the transfer of €30.7 million in non-cash accrued interest to the loan receivable balance. The net increase in the principal balance of the UPC Broadband Loan Receivable during 2013 includes (1) cash loaned of €995.7 million, (2) cash received of €653.6 million, (3) a €62.2 million non-cash decrease related to the settlement of related-party charges and allocations, (4) Liberty Global Services Note loan settlements of €10.8 million, representing the interest rate differential between the Liberty Global Services Note and the UPC Western Europe Loan Receivable, (5) Liberty Global Services Note loan settlements of €4.6 million of principal, (6) the transfer of €4.3 million in non-cash accrued interest payable related to a previously settled loan agreement with UPC Broadband Holding to the loan receivable balance, (7) the transfer of €2.7 million in non-cash accrued interest to the loan receivable balance and (8) individually insignificant non-cash decreases aggregating €0.8 million. During 2014 and 2013, none of the repayments were payments of interest.

(e) Represents accrued interest income related to the UPC Western Europe Loan Receivable and the UPC Broadband Loan Receivable, each of which were non-cash settled during the first quarter of 2015.

(f) Represents non-interest bearing payables, accrued capital expenditures for property and equipment acquired and other accrued liabilities from other Liberty Global subsidiaries that may be cash or loan settled. These balances also include amounts that result from cash advances from Liberty Global Europe and other Liberty Global subsidiaries. The payable balances resulting from these cash advances are periodically transferred to existing note payable balances or settled against existing note receivable balances, each on a non-cash basis. These cash advances are included in related-party receipts (payments), net, in our consolidated statements of cash flows.

(g) Represents debt and capital lease obligations, as further described in note 10.

(h) The 2015 amount represents accrued interest related to the Liberty Global Broadband Note and the Liberty Global Europe Note. The 2014 amount represents accrued interest related to the Liberty Global Services Note, the Liberty Global Broadband Note, the 2012 Liberty Global Europe Note and the Unitymedia Hessen Note.

During 2015, 2014 and 2013, we recorded aggregate capital charges of €4.4 million, €1.9 million and €1.3 million, respectively, in our consolidated statements of owners' equity in connection with the exercise of Liberty Global share appreciation rights and the vesting of Liberty Global restricted share awards held by certain employees of our subsidiaries. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the capital charge does not exceed the amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

In March 2015, we entered into a non-interest bearing loan receivable with Liberty Global Europe (the **Liberty Global Europe Holding Receivable**). The Liberty Global Europe Holding Receivable was settled during the third quarter of 2015, as further described below. Prior to its settlement, activity on the Liberty Global Europe Holding Receivable during 2015 included (i) a €1,544.1 million increase in connection with the March 2015 issuance of the Ziggo Proceeds Loans, as further described in note 10, including (a) a €1,200.0 million non-cash increase and (b) a €344.1 million cash advance, (ii) an increase of €125.3 million related to transfers, as further described above, and (iii) a decrease of €28.9 million related to non-cash settlements of certain related-party fees and allocations. During the third quarter of 2015, the outstanding principal balance of €1,640.5 million under the Liberty Global Europe Holding Receivable was non-cash settled against the Liberty Global Europe Note. Cash advances on the Liberty Global Europe Holding Receivable were included as a component of related-party receipts (payments), net, within financing activities in our consolidated statement of cash flows.

During the third quarter of 2013, UPC International entered into a loan receivable from UPC Broadband Holding (the **2013 UPC Broadband Loan Receivable**), which was settled during 2014, and bore interest at 5.81%. The activity of the 2013 UPC Broadband Loan Receivable during 2014 includes (i) cash loaned of €41.7 million, (ii) a non-cash settlement of €7.8 million and (iii) the transfer of €0.3 million in non-cash accrued interest to the loan receivable balance. During the fourth quarter of 2014, the outstanding balance of €54.3 million was converted to equity, resulting in a €54.3 million decrease to noncontrolling interests in our consolidated statement of owners' equity. The net increase in the principal balance of the 2013 UPC Broadband Loan Receivable during 2013 includes (a) cash loaned of €23.0 million and (b) a non-cash settlement of €2.9 million.

UMI had a loan receivable from Unitymedia Hessen that originated in 2012 and was settled in 2013. This note bore interest at 10.0% per year. The net decrease in the principal balance of the loan receivable during 2013 included (i) cash received of €18.1 million, (ii) cash loaned of €8.6 million, (iii) a €3.1 million non-cash decrease related to the partial settlement of a profit-sharing agreement and (iv) the transfer of €1.2 million in accrued interest to the loan receivable balance.

As further described in note 1, subsequent to December 31, 2014, the leasing transactions between Ziggo Services and UMI, UPC Equipment and UPC International were unwound and, as such, effective January 1, 2015, we no longer consolidate UMI, UPC Equipment and UPC International. As a result of the deconsolidation of these entities, Ziggo Group Holding paid an aggregate €89.5 million during 2015 to settle related-party capital lease obligations due to these entities, which, prior to January 1, 2015, were eliminated in consolidation. We have reported these cash payments as a component of related-party receipts (payments), net, within financing activities in our consolidated statement of cash flows.

During 2014 and 2013, Ziggo Holding shares were transferred to HoldCo V by Liberty Global subsidiaries outside of Ziggo Group Holding. For additional information, see note 6.

(13) Restructuring Liabilities

A summary of the changes to our restructuring liability during 2015 is set forth in the table below:

	Employee severance and termination	Office closures	Contract termination and other	Total
	in millions			
Restructuring liability as of January 1, 2015 (a)	€ 12.2	€ —	€ —	€ 12.2
Restructuring charges (b)	56.4	(0.4)	0.5	56.5
Cash paid	(25.8)	(1.0)	(0.1)	(26.9)
Other	3.6	0.5	—	4.1
Restructuring liability as of December 31, 2015	€ 46.4	€ (0.9)	€ 0.4	€ 45.9
Current portion	€ 42.0	€ (0.9)	€ 0.4	€ 41.5
Noncurrent portion	4.4	—	—	4.4
Total	€ 46.4	€ (0.9)	€ 0.4	€ 45.9

(a) As retrospectively revised – see note 1.

(b) Restructuring charges primarily relate to certain reorganization and integration activities following the Ziggo Acquisition.

We expect to record further restructuring charges during 2016, due primarily to ongoing reorganization activities following the Ziggo Acquisition.

During 2014 and 2013, we incurred restructuring charges of €9.1 million and €3.2 million, respectively, for employee severance and termination costs.

(14) 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 programming contracts, non-cancellable operating leases, purchases of customer premises and other equipment and other items. The following table sets forth these commitments as of December 31, 2015:

	Payments due during:						
	2016	2017	2018	2019	2020	Thereafter	Total
				in millions			
Programming commitments	€ 74.3	€ 41.5	€ 18.6	€ 9.3	€ —	€ —	€ 143.7
Operating leases	18.7	17.1	13.8	8.4	6.1	10.2	74.3
Purchase commitments	58.6	3.3	0.4	—	—	—	62.3
Other commitments	14.9	7.7	2.7	2.6	2.6	3.7	34.2
Total (a)	€ 166.5	€ 69.6	€ 35.5	€ 20.3	€ 8.7	€ 13.9	€ 314.5

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

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, during 2015, 2014 and 2013, the programming and copyright costs incurred by our operations aggregated €294.9 million, €131.5 million and €109.3 million, respectively.

Purchase commitments include unconditional and legally binding obligations related to the purchase of customer premises and other equipment, including €4.2 million associated with related-party purchase obligations.

Other commitments primarily include sponsorships, certain fixed minimum contractual commitments associated with our agreements with municipal authorities and network and connectivity commitments. Network and connectivity commitments include commitments associated with (i) fiber leasing and (ii) commitments associated with our mobile virtual network operator (**MVNO**) agreement. The amounts reflected in the above table with respect to our MVNO commitments represent fixed minimum amounts payable under this agreement and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) multiemployer defined benefit plans, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during 2015, see note 7.

We have established multiemployer benefit plans for our subsidiaries' employees. The aggregate expense of our matching contributions under the multiemployer benefit plans was €28.5 million, €14.4 million and €11.8 million during 2015, 2014 and 2013, respectively.

Rental expense under non-cancellable operating lease arrangements amounted to €23.7 million, €14.1 million and €13.8 million during 2015, 2014 and 2013, respectively. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) 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

Other Regulatory Issues. Video distribution, broadband internet, fixed-line telephony, mobile and content businesses are subject to significant regulation and supervision by various regulatory bodies in the Netherlands, including Dutch and European Union authorities. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

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

(15) Segment Reporting

We have one reportable segment that provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands.

Our revenue by major category is set forth below:

	Year ended December 31,		
	2015	2014 (a)	2013
		in millions	
Subscription revenue (b):			
Video	€ 1,065.9	€ 550.1	€ 459.2
Broadband internet	703.7	266.9	221.3
Fixed-line telephony	474.0	221.2	169.1
Cable subscription revenue	2,243.6	1,038.2	849.6
Mobile subscription revenue (c)	28.1	2.8	0.3
Total subscription revenue	2,271.7	1,041.0	849.9
B2B revenue (d)	162.8	71.8	58.7
Other revenue (e)	38.2	30.1	26.7
Total	€ 2,472.7	€ 1,142.9	€ 935.3

(a) As retrospectively revised – see note 1.

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

(c) Mobile subscription revenue excludes mobile interconnect revenue of €2.9 million, €0.3 million and nil during 2015, 2014 and 2013, respectively. Mobile interconnect revenue is included in other revenue.

(d) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small or home office (**SOHO**) subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which is included in cable subscription revenue, aggregated €76.6 million, €31.6 million and €17.7 million during 2015, 2014 and 2013, respectively.

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

(16) Subsequent Events

On February 15, 2016, Liberty Global announced that Liberty Global Europe and Vodafone International Holding B.V., a wholly-owned subsidiary of Vodafone Group Plc, had reached an agreement to merge their operating businesses in the Netherlands to form a 50-50 joint venture (the **JV**). The JV will operate under both the Vodafone and Ziggo brands and will create a nationwide integrated communications provider. Pursuant to the proposed transaction, Ziggo Group Holding, including its third-party debt and net operating losses, will be contributed to the JV. This transaction is subject to customary closing conditions, including regulatory approval, and is anticipated to close around the end of 2016. This transaction will not trigger a change of control under Ziggo Group Holding's credit facilities.

The JV intends to distribute 100% of its available cash to the shareholders. In addition, the parties expect to raise additional debt financing at the JV to increase the JV's net leverage ratio to 4.5 and 5 times EBITDA (as calculated pursuant to Ziggo Group Holding's existing financing arrangements) and to make a pro rata distribution of capital to Liberty Global and Vodafone.

Upon consummation of this transaction, Liberty Global and Vodafone will enter into a shareholders agreement for the JV. Each of Liberty Global and Vodafone will hold 50% of the issued share capital of the JV. The supervisory board of the JV will be comprised of eight members, with three appointed by each of Liberty Global and Vodafone and two nominated by the works councils of the contributed businesses in accordance with Dutch law. In general, most decisions of the supervisory board will require the assent of individuals appointed by both Liberty Global and Vodafone. Certain decisions, referred to as "Reserved Matters" will require the approval of both JV partners, either directly or through their designees to the supervisory board, including: changes in the constituent documents, capital, executive management or branding of the JV; a merger or sale of all or substantially all of the assets of the JV; the approval of the annual budget of the JV; and certain other material business, investing and financing decisions of the JV. The chairman of the supervisory board will rotate on an annual basis between a member appointed by each respective shareholder group.